

# PROJECT REPORT

Of

# RAZOR

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Razor 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.]



**Lucknow Office:** Sidhivinayak Building ,  
27/1/B, Gokhley Marg, Lucknow-226001

**Delhi Office :** Multi Disciplinary Training  
Centre, Gandhi Darshan Rajghat,  
New Delhi 110002

**Email :** [info@udyami.org.in](mailto:info@udyami.org.in)  
**Contact :** +91 7526000333, 444, 555

**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 : **RAZOR**
- 6 Name of the project / business activity proposed : **RAZOR MANUFACTURING UNIT**
- 7 Cost of Project : Rs.22.64 Lakhs
- 8 Means of Finance
- Term Loan Rs.17.1 Lakhs
- Own Capital Rs.2.26 Lakhs
- Working Capital Rs.3.27 Lakhs
- 9 Debt Service Coverage Ratio : 2.16
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 35%
- 13 Employment : 12 Persons
- 14 Power Requirement : 50.00 HP
- 15 Major Raw materials : Stainless steel, PP Resin, Other additives and packing material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 96.97 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	18.40
Furniture & Fixtures	0.60
Working Capital	3.64
<b>Total</b>	<b>22.64</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	2.26
Working Capital(Finance)	3.27
Term Loan	17.10
<b>Total</b>	<b>22.64</b>

# **RAZOR MANUFACTURING UNIT**

## **Introduction:**

A razor is a bladed tool primarily used in the removal of body hair through the act of shaving. Kinds of razors include straight razors, safety razors, disposable razors, and electric razors. While the razor has been in existence since before the Bronze Age (the oldest razor-like object has been dated to 18,000 BC), the most common types of razors in current usage are the safety razor and the electric razor, though other kinds are still in use. Disposable razors are similar in use and appearance to straight razors, but use disposable blades, either standard double edged cut in half or specially made single edge. These shavettes are used in the same way as straight razors but do not require stropping and honing.



## **Uses & Market Potential:**

A razor is a bladed tool primarily used in the removal of body hair through the act of shaving. The global razor market size was valued at USD 10.2 billion in 2018 and is anticipated to exhibit a CAGR of 3.5% from 2019 to 2025. The market is fueled

by several factors, predominantly by growing focus on men's grooming and rising awareness among consumers related to personal hygiene. Disposable razors account for a significant share in the market and demand for the same will continue to grow thanks to steady usage in developing countries such as India, Sri Lanka, and Brazil. Low price and availability of domestic brands are key factors driving product demand in these countries. However, electric shavers, such as epilators and trimmers, are more in demand owing to their durability and easy usage. The online channel is projected to show positive growth in this category owing to easy payment methods and a rise in digitalization across different channels. A recent trend that has made its presence in the grooming and packaging industry is consumer consciousness with regard to the environment.

## **Product:**

Razor

## **Raw Material:**

The raw materials required are:

- Stainless Steel
- Polypropylene (PP) resin
- Other Additives: Other additives such as plasticizers, colorants, antioxidants, stabilizers, and fillers.
- Packaging Material: Basic packaging material such as clear plastic blister packs, cardboard backing sheet, etc.

## **Manufacturing Process:**

The steps are:

- ✓ Raw material procurement
- ✓ Press/Shaping
- ✓ Hardening
- ✓ Blade Edging
- ✓ Polishing
- ✓ Blade Inspection
- ✓ Coating
- ✓ Injection Molding
- ✓ Assembly
- ✓ Final Inspection & 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 2000-2500Sqft.

### **Cost of Machines:**

<b>Machine</b>	<b>Quantity</b>	<b>Rate</b>
CNC Punch Press	1	600000
Injection Molding Machine	1	800000
<b>Tumbler Mixer</b>	1	<b>60000</b>
<b>Annealing Furnace</b>	1	<b>120000</b>
<b>Belt Conveyor</b>	1	<b>100000</b>
<b>Saw Sharpening Machine</b>	1	<b>160000</b>
<b>Total Amount</b>		<b>1840000</b>

**Power Requirement-** The estimated Power requirement is taken at 50 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**

<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	-	3.04	4.54	6.77	9.28
Add: Additions	2.26	-	-	-	-
Add: Net Profit	4.57	5.51	6.43	7.51	8.71
Less: Drawings	3.80	4.00	4.20	5.00	5.50
<b>Closing Balance</b>	<b>3.04</b>	<b>4.54</b>	<b>6.77</b>	<b>9.28</b>	<b>12.49</b>
CC Limit	3.27	3.27	3.27	3.27	3.27
Term Loan	15.20	11.40	7.60	3.80	-
Sundry Creditors	1.08	1.24	1.40	1.58	1.75
<b>TOTAL :</b>	<b>22.59</b>	<b>20.46</b>	<b>19.05</b>	<b>17.93</b>	<b>17.52</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>
Gross Dep.	2.82	5.22	7.26	9.00	10.48
Net Fixed Assets	16.18	13.78	11.74	10.00	8.52
<b>Current Assets</b>					
Sundry Debtors	2.60	3.10	3.55	4.03	4.53
Stock in Hand	2.12	2.84	3.23	3.62	4.04
Cash and Bank	1.69	0.73	0.53	0.28	0.43
<b>TOTAL :</b>	<b>22.59</b>	<b>20.46</b>	<b>19.05</b>	<b>17.93</b>	<b>17.52</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	55.68	66.50	76.13	86.28	96.97
<b>Total (A)</b>	<b>55.68</b>	<b>66.50</b>	<b>76.13</b>	<b>86.28</b>	<b>96.97</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	21.60	24.79	28.09	31.52	35.07
Electricity Expenses	4.48	5.04	5.60	6.15	6.71
Repair & Maintenance	1.11	1.33	1.52	1.73	1.94
Labour & Wages	11.97	14.60	17.52	20.33	23.38
Depreciation	2.82	2.40	2.04	1.74	1.48
<b>Cost of Production</b>	<b>41.98</b>	<b>48.15</b>	<b>54.77</b>	<b>61.46</b>	<b>68.58</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.40</b>	<b>1.61</b>	<b>1.83</b>	<b>2.05</b>
<b>Less: Closing Stock /WIP</b>	<b>1.40</b>	<b>1.61</b>	<b>1.83</b>	<b>2.05</b>	<b>2.29</b>
Cost of Sales (B)	40.58	47.95	54.55	61.24	68.34
<b>C) GROSS PROFIT (A-B)</b>	<b>15.10</b>	<b>18.55</b>	<b>21.58</b>	<b>25.04</b>	<b>28.63</b>
	<b>27.12%</b>	<b>27.89%</b>	<b>28.34%</b>	<b>29.02%</b>	<b>29.52%</b>
D) Bank Interest i) (Term Loan )	1.85	1.52	1.10	0.68	0.26
ii) Interest On Working Capital	0.36	0.36	0.36	0.36	0.36
E) Salary to Staff	7.31	9.21	10.87	13.26	15.24
F) Selling & Adm Expenses Exp.	1.00	1.66	2.28	2.42	2.91
<b>G) TOTAL (D+E+F)</b>	<b>10.53</b>	<b>12.75</b>	<b>14.61</b>	<b>16.71</b>	<b>18.77</b>
<b>H) NET PROFIT</b>	<b>4.57</b>	<b>5.80</b>	<b>6.97</b>	<b>8.33</b>	<b>9.85</b>
	<b>8.2%</b>	<b>8.7%</b>	<b>9.2%</b>	<b>9.7%</b>	<b>10.2%</b>
I) Taxation	-	0.30	0.54	0.82	1.14
<b>J) PROFIT (After Tax)</b>	<b>4.57</b>	<b>5.51</b>	<b>6.43</b>	<b>7.51</b>	<b>8.71</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	2.26	-	-	-	-
Reserve & Surplus	4.57	5.80	6.97	8.33	9.85
Depreciation & Exp. W/off	2.82	2.40	2.04	1.74	1.48
Increase In Cash Credit	3.27	-	-	-	-
Increase In Term Loan	17.10	-	-	-	-
Increase in Creditors	1.08	0.16	0.17	0.17	0.18
<b>TOTAL :</b>	<b>31.11</b>	<b>8.36</b>	<b>9.18</b>	<b>10.24</b>	<b>11.51</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	19.00	-	-	-	-
Increase in Stock	2.12	0.73	0.39	0.39	0.41
Increase in Debtors	2.60	0.50	0.45	0.47	0.50
Repayment of Term Loan	1.90	3.80	3.80	3.80	3.80
Taxation	-	0.30	0.54	0.82	1.14
Drawings	3.80	4.00	4.20	5.00	5.50
<b>TOTAL :</b>	<b>29.42</b>	<b>9.33</b>	<b>9.37</b>	<b>10.49</b>	<b>11.35</b>
Opening Cash & Bank Balance	-	1.69	0.73	0.53	0.28
Add : Surplus	1.69	- 0.97	- 0.20	- 0.25	0.16
Closing Cash & Bank Balance	<b>1.69</b>	<b>0.73</b>	<b>0.53</b>	<b>0.28</b>	<b>0.43</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)	1.40	1.61	1.83	2.05	2.29
<b><u>Raw Material</u></b>					
(10 Days requirement)	0.72	1.24	1.40	1.58	1.75
<b>Closing Stock</b>	<b>2.12</b>	<b>2.84</b>	<b>3.23</b>	<b>3.62</b>	<b>4.04</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	2.12		
Less:			
Sundry Creditors	1.08		
<b>Paid Stock</b>	<b>1.04</b>	<b>0.10</b>	<b>0.94</b>
Sundry Debtors	2.60	0.26	2.34
<b>Working Capital Requirement</b>			<b>3.27</b>
<b>Margin</b>			0.36
<b>MPBF</b>			<b>3.27</b>
<b>Working Capital Demand</b>			<b>3.27</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	17.10	17.10	0.47	-	17.10
	Iind Quarter	17.10	-	17.10	0.47	-	17.10
	IIIrd Quarter	17.10	-	17.10	0.47	0.95	16.15
	Ivth Quarter	16.15	-	16.15	0.44	0.95	15.20
					1.85	1.90	
<b>II</b>	Opening Balance						
	Ist Quarter	15.20	-	15.20	0.42	0.95	14.25
	Iind Quarter	14.25	-	14.25	0.39	0.95	13.30
	IIIrd Quarter	13.30	-	13.30	0.37	0.95	12.35
	Ivth Quarter	12.35		12.35	0.34	0.95	11.40
					1.52	3.80	
<b>III</b>	Opening Balance						
	Ist Quarter	11.40	-	11.40	0.31	0.95	10.45
	Iind Quarter	10.45	-	10.45	0.29	0.95	9.50
	IIIrd Quarter	9.50	-	9.50	0.26	0.95	8.55
	Ivth Quarter	8.55		8.55	0.24	0.95	7.60
					1.10	3.80	
<b>IV</b>	Opening Balance						
	Ist Quarter	7.60	-	7.60	0.21	0.95	6.65
	Iind Quarter	6.65	-	6.65	0.18	0.95	5.70
	IIIrd Quarter	5.70	-	5.70	0.16	0.95	4.75
	Ivth Quarter	4.75		4.75	0.13	0.95	3.80
					0.68	3.80	
<b>V</b>	Opening Balance						
	Ist Quarter	3.80	-	3.80	0.10	0.95	2.85
	Iind Quarter	2.85	-	2.85	0.08	0.95	1.90
	IIIrd Quarter	1.90	-	1.90	0.05	0.95	0.95
	Ivth Quarter	0.95		0.95	0.03	0.95	0.00
					0.26	3.80	

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>	7.39	7.91	8.47	9.24	10.19
Interest on Term Loan	1.85	1.52	1.10	0.68	0.26
Total	9.25	9.42	9.57	9.92	10.45
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.90	3.80	3.80	3.80	3.80
Interest on Term Loan	1.85	1.52	1.10	0.68	0.26
Total	3.75	5.32	4.90	4.48	4.06
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.46</b>	<b>1.77</b>	<b>1.95</b>	<b>2.22</b>	<b>2.57</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.16</b>		

### **Assumptions:**

1. Production Capacity of Razor Manufacturing unit is taken at 300 Pcs per day. First year, Capacity has been taken @ 40%.
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 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 50 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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