

# PROJECT REPORT

Of

# SAFETY PIN

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Safety Pin 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 : **SAFETY PIN**
- 6 Name of the project / business activity proposed : **SAFETY PIN MANUFACTURING UNIT**
- 7 Cost of Project : Rs.10.23 Lakhs
- 8 Means of Finance
- Term Loan Rs.5.58 Lakhs
- Own Capital Rs.1.02 Lakhs
- Working Capital Rs.3.63 Lakhs
- 9 Debt Service Coverage Ratio : 3.85
- 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 : 10.00 HP
- 15 Major Raw materials : Galvanized steel wire, Metal sheet strips and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 121.14 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	5.70
Furniture & Fixtures	0.50
Working Capital	4.03
<b>Total</b>	<b>10.23</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.02
Working Capital(Finance)	3.63
Term Loan	5.58
<b>Total</b>	<b>10.23</b>

# SAFETY PIN MANUFACTURING UNIT

## Introduction:

The safety pin is a type of normal pin that has a basic spring mechanism and a clasp. The clasp has two purposes: it forms a complete loop, properly securing the pin to whatever it is applied to, and it protects the user from the sharp tip by covering the end of the pin. To attach pieces of fabric or clothes together, safety pins are frequently employed. Safety pins, or a special variant with an additional protective cover known as a nappy pin, or loincloth pin, are extensively used to secure cloth diapers (nappies) or contemporary loincloths because the safety clasp prevents the infant from being poked, while remaining an ingestion danger. A sharpened pin is fastened to a coiled wire and is linked to a cap that is hooked at the wire's end. Pushing the pin into the cap's aperture seals the pin's safety, and the clasp is closed.



## **Uses & Market Potential:**

A safety pin is used to attach little items to clothing, such as a brand logo, a handkerchief, or for decoration stuff. It is used for attaching two pieces of clothes together. Essentially safety pins are the part of clothing and fashion accessory. A safety pin is a unique sort of pin that features a basic spring mechanism and a clasp. People really use it to bind together garments or pieces of clothing. Women also use safety pins to secure jewellery, earring, chains, and bracelets. The product has a wide range of uses in the home. And anyone with a tiny amount of money may start a safety pin company. There are both offline and online market potential in the safety pin manufacturing industry. The key fast moving and faster moving goods in the designing supplies industry are buttons, safety pins threads, which account for about 98 percent of the market's value and volume. In India, the market for all forms of pins & safety pins items is projected to be worth Rs 2200 crore. Consumers need a wide selection of items with new inventive features; thus, product innovation is critical.

## **Product:**

Safety Pin

## **Raw Material:**

The raw materials required are:

- Galvanized steel wire
- Metal sheet strips
- Packing Material

## **Manufacturing Process:**

The steps are:

- Wire loaded onto spools
- Straightening and cutting of wire
- Wire fed into hopper
- Tapered edges of wire are eliminated
- Caps are constructed
- Wires are bent and cap sleeve is pressed
- Finishing & 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 1500-2000Sqft.

## **Cost of Machines:**

<b>Machine</b>	<b>Quantity</b>	<b>Rate</b>
Wire Straightening & cutting machine	1	125000
Automatic safety pin assembly machine	1	375000
Other Equipment's	-	70000
<b>Total Amount</b>		<b>570000</b>

**Power Requirement-** The estimated Power requirement is taken at 10 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**

<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	62.64	77.50	91.27	105.81	121.14
<b>Total (A)</b>	<b>62.64</b>	<b>77.50</b>	<b>91.27</b>	<b>105.81</b>	<b>121.14</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	36.00	42.84	49.94	57.31	64.95
Electricity Expenses	0.67	0.78	0.90	1.01	1.12
Repair & Maintenance	1.25	1.55	1.83	2.12	2.42
Labour & Wages	12.47	15.34	18.41	21.73	25.20
Depreciation	0.91	0.77	0.66	0.56	0.48
<b>Cost of Production</b>	<b>51.30</b>	<b>61.29</b>	<b>71.73</b>	<b>82.72</b>	<b>94.17</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.71</b>	<b>2.04</b>	<b>2.39</b>	<b>2.76</b>
<b>Less: Closing Stock /WIP</b>	<b>1.71</b>	<b>2.04</b>	<b>2.39</b>	<b>2.76</b>	<b>3.14</b>
Cost of Sales (B)	49.59	60.96	71.39	82.35	93.79
<b>C) GROSS PROFIT (A-B)</b>	<b>13.05</b>	<b>16.54</b>	<b>19.89</b>	<b>23.46</b>	<b>27.35</b>
	<b>20.83%</b>	<b>21.35%</b>	<b>21.79%</b>	<b>22.17%</b>	<b>22.58%</b>
D) Bank Interest i) (Term Loan )	0.61	0.49	0.36	0.22	0.09
ii) Interest On Working Capital	0.40	0.40	0.40	0.40	0.40
E) Salary to Staff	8.19	9.99	11.59	14.14	16.26
F) Selling & Adm Expenses Exp.	1.10	1.94	2.74	2.96	3.63
<b>G) TOTAL (D+E+F)</b>	<b>10.29</b>	<b>12.82</b>	<b>15.09</b>	<b>17.72</b>	<b>20.38</b>
<b>H) NET PROFIT</b>	<b>2.76</b>	<b>3.72</b>	<b>4.80</b>	<b>5.74</b>	<b>6.97</b>
	<b>4.4%</b>	<b>4.8%</b>	<b>5.3%</b>	<b>5.4%</b>	<b>5.8%</b>
I) Taxation	-	-	-	0.28	0.54
<b>J) PROFIT (After Tax)</b>	<b>2.76</b>	<b>3.72</b>	<b>4.80</b>	<b>5.45</b>	<b>6.43</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	1.02	-	-	-	-
Reserve & Surplus	2.76	3.72	4.80	5.74	6.97
Depreciation & Exp. W/off	0.91	0.77	0.66	0.56	0.48
Increase In Cash Credit	3.63	-	-	-	-
Increase In Term Loan	5.58	-	-	-	-
Increase in Creditors	1.80	0.34	0.36	0.37	0.38
<b>TOTAL :</b>	<b>15.69</b>	<b>4.83</b>	<b>5.82</b>	<b>6.66</b>	<b>7.83</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	6.20	-	-	-	-
Increase in Stock	2.91	1.27	0.70	0.73	0.76
Increase in Debtors	2.92	0.69	0.64	0.68	0.72
Repayment of Term Loan	0.62	1.24	1.24	1.24	1.24
Taxation	-	-	-	0.28	0.54
Drawings	2.00	2.50	3.00	3.80	4.50
<b>TOTAL :</b>	<b>14.65</b>	<b>5.71</b>	<b>5.59</b>	<b>6.74</b>	<b>7.76</b>
Opening Cash & Bank Balance	-	1.04	0.17	0.39	0.32
Add : Surplus	1.04	- 0.88	0.23	- 0.07	0.07
Closing Cash & Bank Balance	<b>1.04</b>	<b>0.17</b>	<b>0.39</b>	<b>0.32</b>	<b>0.40</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)	1.71	2.04	2.39	2.76	3.14
<b><u>Raw Material</u></b>					
(10 Days requirement)	1.20	2.14	2.50	2.87	3.25
<b>Closing Stock</b>	<b>2.91</b>	<b>4.18</b>	<b>4.89</b>	<b>5.62</b>	<b>6.39</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	2.91		
Less:			
Sundry Creditors	1.80		
<b>Paid Stock</b>	<b>1.11</b>	<b>0.11</b>	<b>1.00</b>
Sundry Debtors	2.92	0.29	2.63
<b>Working Capital Requirement</b>			<b>3.63</b>
<b>Margin</b>			0.40
<b>MPBF</b>			<b>3.63</b>
<b>Working Capital Demand</b>			<b>3.63</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	5.58	5.58	0.15	-	5.58
	Iind Quarter	5.58	-	5.58	0.15	-	5.58
	IIIrd Quarter	5.58	-	5.58	0.15	0.31	5.27
	Ivth Quarter	5.27	-	5.27	0.14	0.31	4.96
					0.61	0.62	
<b>II</b>	Opening Balance						
	Ist Quarter	4.96	-	4.96	0.14	0.31	4.65
	Iind Quarter	4.65	-	4.65	0.13	0.31	4.34
	IIIrd Quarter	4.34	-	4.34	0.12	0.31	4.03
	Ivth Quarter	4.03		4.03	0.11	0.31	3.72
					0.49	1.24	
<b>III</b>	Opening Balance						
	Ist Quarter	3.72	-	3.72	0.10	0.31	3.41
	Iind Quarter	3.41	-	3.41	0.09	0.31	3.10
	IIIrd Quarter	3.10	-	3.10	0.09	0.31	2.79
	Ivth Quarter	2.79		2.79	0.08	0.31	2.48
					0.36	1.24	
<b>IV</b>	Opening Balance						
	Ist Quarter	2.48	-	2.48	0.07	0.31	2.17
	Iind Quarter	2.17	-	2.17	0.06	0.31	1.86
	IIIrd Quarter	1.86	-	1.86	0.05	0.31	1.55
	Ivth Quarter	1.55		1.55	0.04	0.31	1.24
					0.22	1.24	
<b>V</b>	Opening Balance						
	Ist Quarter	1.24	-	1.24	0.03	0.31	0.93
	Iind Quarter	0.93	-	0.93	0.03	0.31	0.62
	IIIrd Quarter	0.62	-	0.62	0.02	0.31	0.31
	Ivth Quarter	0.31		0.31	0.01	0.31	0.00
					0.09	1.24	

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>	3.66	4.49	5.46	6.01	6.91
Interest on Term Loan	0.61	0.49	0.36	0.22	0.09
Total	4.27	4.99	5.82	6.24	6.99
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	0.62	1.24	1.24	1.24	1.24
Interest on Term Loan	0.61	0.49	0.36	0.22	0.09
Total	1.23	1.73	1.60	1.46	1.33
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.48</b>	<b>2.87</b>	<b>3.64</b>	<b>4.27</b>	<b>5.28</b>
<b>AVERAGE D.S.C.R.</b>			<b>3.85</b>		

### **Assumptions:**

1. Production Capacity of Safety Pin Manufacturing unit is taken at 1000 Boxes per day. First year, Capacity has been taken @ 30%. One Box contains 100 Pins.
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 10 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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