

PROJECT REPORT

Of

SOFT TOYS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Soft Toys 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 : **SOFT TOYS**
- 6 Name of the project / business activity proposed : **SOFT TOYS MANUFACTURING UNIT**
- 7 Cost of Project : Rs.9.76 Lakhs
- 8 Means of Finance
- Term Loan Rs.6.3 Lakhs
- Own Capital Rs.0.98 Lakhs
- Working Capital Rs.2.48 Lakhs
- 9 Debt Service Coverage Ratio : 3.63
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 43%
- 13 Employment : 11 Persons
- 14 Power Requirement : 5.00 HP
- 15 Major Raw materials : Ribbon, Fabric, Colorful clothes, Acrylic Fur, Ornamentation Items, Packing material & Consumables (Tape, fevicol, threads, needles)
- 16 Estimated Annual Sales Turnover (Max Capacity) : 48.81 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

| Particulars | Amount |
|----------------------|-------------|
| Land | Own/Rented |
| Plant & Machinery | 3.00 |
| Civil work | 3.50 |
| Furniture & Fixtures | 0.50 |
| Working Capital | 2.76 |
| Total | 9.76 |

MEANS OF FINANCE

| Particulars | Amount |
|--------------------------|-------------|
| Own Contribution | 0.98 |
| Working Capital(Finance) | 2.48 |
| Term Loan | 6.30 |
| Total | 9.76 |

SOFT TOYS MAKING UNIT

Introduction:

A soft toy or stuffed toy is a toy with an external texture sewn from a material and afterward loaded down with an adaptable material. The materials utilized for making these toys incorporate polycloth, nylax fabric, fiber and so on Stuffed toys are made in various structures, regularly looking like genuine creatures, incredible animals, animation characters or lifeless things. They can be utilized as solace objects, for show or for gathering; or given as blessings. By and by, there are more than 50 delicate toys fabricating units in Jhansi which have led to the production of occupations. The toys made in Jhansi are provided to significant urban areas, for example, Delhi available to be purchased.

The city is additionally known for its hand tailored sewed or sewed delicate toys which came up as quite possibly the most likely industry to advance neighborhood craftsmen and economy of Jhansi. Jhansi, Soft toys business selected under 'one region one item plot' of Uttar Pradesh government, has begun prospering and individuals associated with the business are taking in substantial income with independent work.



Uses & Market Potential:

A soft toy or stuffed toy is a toy with an outer fabric sewn from a textile and then stuffed with a flexible material. They can be used as comfort objects, for display or for collecting; or given as gifts.

In India there is a good scope for these types of toys and the worldwide market. Generally speaking, the Indian toy industry is around 300 Cr. Also, the development of exactly 15 % guarantees a fast ascent in this measurement. The developing working class and expanding interest for quality and extravagance merchandise are the principle driving variables. Indian purchasers give increasingly more consideration to excellent items and subsequently marked articles. Be that as it may, the cost is as yet the significant main factor. Moreover, presents make up a huge portion of toy deals. There is about half of the market for presents for individuals outside the family. Aside from the homegrown market, delicate toys have great potential in international trade.

The organizations everywhere on the world are peering toward in to Indian market since it has a significant spot in worldwide market. The interest of delicate toys is likewise expanding step by step because of a few reasons. The most well-known delicate toys are accessible in the market are Teddy Bear, Joker, Various creatures, and so forth The Indian delicate toys rates begins from Rs 30 to 2000 relies upon hide fabric quality. A portion of the Indian organizations likewise trading delicate toys to abroad. There is acceptable homegrown market for delicate toys In India.

Product:

SOFT TOYS

Raw Material:

1. Ribbon
2. Fabric
3. Colorful Clothes
4. Acrylic fur
5. Trending Ornamentation items
6. Packing materials & consumables (tapes, fevicol, needles, threads etc.)

Manufacturing Process:

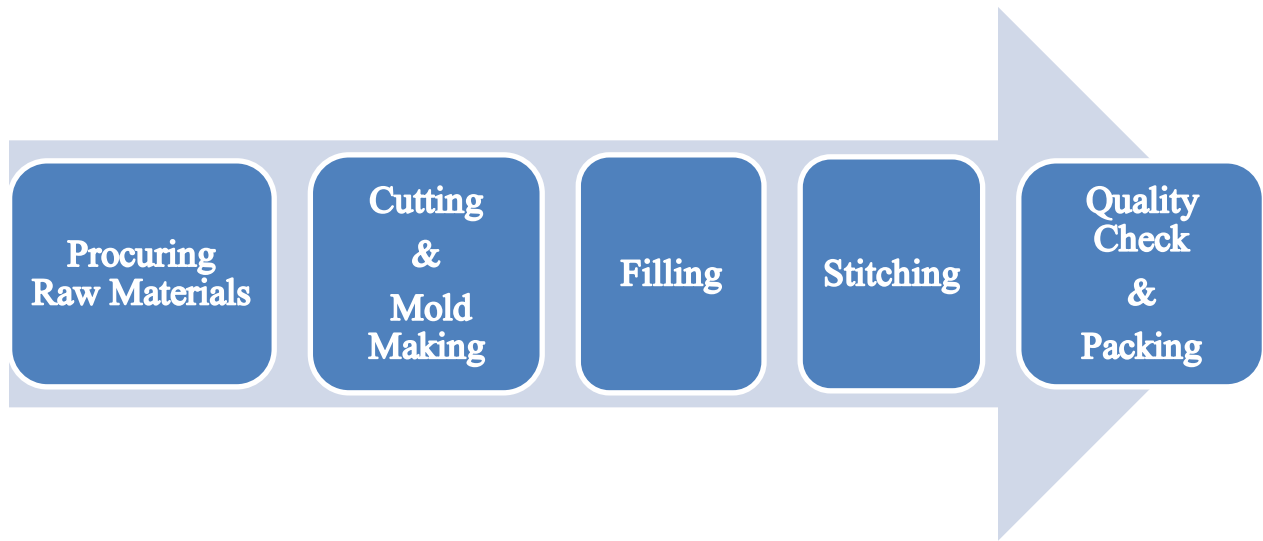


Fig. 1 – Process Flowchart

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 1000-1200Sqft

Cost of Machines:

| S No. | Machine | Unit | Price |
|--------------|--------------------------|-------------|-------------------|
| 1. | Sewing Machines | 6 | 1,20,000/- |
| 2. | Impulse Sealing Machine | 2 | 40,000/- |
| 3. | Fibre Filling Machine | 2 | 80,000/- |
| 4. | Fabric Cutting Machine | 2 | 30,000/- |
| 5. | Other Equipments & Tools | | 30,000/- |
| | Total | | 3,00,000/- |

Power Requirement- - The estimated Power requirement is taken at 5 HP

Manpower Requirement- Following manpower is required:

- Machine operator-1
- Skilled/unskilled worker-6
- Helpers-2
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED BALANCE SHEET

| PARTICULARS | I | II | III | IV | V |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | |
| | | | | | |
| <u>SOURCES OF FUND</u> | | | | | |
| <u>Capital Account</u> | | | | | |
| Opening Balance | - | 0.69 | 1.62 | 2.69 | 3.87 |
| Add: Additions | 0.98 | - | - | - | - |
| Add: Net Profit | 3.21 | 4.33 | 4.97 | 5.57 | 6.20 |
| Less: Drawings | 3.50 | 3.40 | 3.90 | 4.40 | 4.90 |
| Closing Balance | 0.69 | 1.62 | 2.69 | 3.87 | 5.17 |
| CC Limit | 2.48 | 2.48 | 2.48 | 2.48 | 2.48 |
| Term Loan | 5.60 | 4.20 | 2.80 | 1.40 | - |
| Sundry Creditors | 0.63 | 0.70 | 0.78 | 0.86 | 0.94 |
| | | | | | |
| TOTAL : | 9.40 | 9.00 | 8.75 | 8.60 | 8.59 |
| | | | | | |
| | | | | | |
| <u>APPLICATION OF FUND</u> | | | | | |
| | | | | | |
| Fixed Assets (Gross) | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Gross Dep. | 1.03 | 1.90 | 2.64 | 3.28 | 3.82 |
| Net Fixed Assets | 5.98 | 5.10 | 4.36 | 3.72 | 3.18 |
| | | | | | |
| Current Assets | | | | | |
| Sundry Debtors | 1.54 | 1.81 | 2.01 | 2.22 | 2.44 |
| Stock in Hand | 1.85 | 2.04 | 2.24 | 2.46 | 2.68 |
| Cash and Bank | 0.04 | 0.06 | 0.15 | 0.21 | 0.28 |
| | | | | | |
| TOTAL : | 9.40 | 9.00 | 8.75 | 8.60 | 8.59 |
| | | | | | |
| | - | - | - | - | - |

PROJECTED PROFITABILITY STATEMENT

| PARTICULARS | I | II | III | IV | V |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| <u>A) SALES</u> | | | | | |
| Gross Sale | 30.78 | 36.13 | 40.18 | 44.40 | 48.81 |
| Total (A) | 30.78 | 36.13 | 40.18 | 44.40 | 48.81 |
| <u>B) COST OF SALES</u> | | | | | |
| Raw Material Consumed | 12.60 | 14.04 | 15.54 | 17.10 | 18.72 |
| Electricity Expenses | 0.67 | 0.73 | 0.78 | 0.84 | 0.90 |
| Repair & Maintenance | 0.25 | 0.29 | 0.32 | 0.36 | 0.39 |
| Labour & Wages | 9.83 | 10.81 | 11.89 | 13.08 | 14.39 |
| Depreciation | 1.03 | 0.87 | 0.74 | 0.64 | 0.54 |
| Cost of Production | 24.37 | 26.74 | 29.28 | 32.01 | 34.94 |
| Add: Opening Stock /WIP | - | 1.22 | 1.34 | 1.46 | 1.60 |
| Less: Closing Stock /WIP | 1.22 | 1.34 | 1.46 | 1.60 | 1.75 |
| Cost of Sales (B) | 23.15 | 26.62 | 29.15 | 31.87 | 34.79 |
| C) GROSS PROFIT (A-B) | 7.63 | 9.51 | 11.02 | 12.53 | 14.02 |
| | 24.78% | 26.32% | 27.43% | 28.21% | 28.72% |
| D) Bank Interest i) (Term Loan) | 0.68 | 0.56 | 0.40 | 0.25 | 0.10 |
| ii) Interest On Working Capital | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 |
| E) Salary to Staff | 3.15 | 3.62 | 4.17 | 4.79 | 5.51 |
| F) Selling & Adm Expenses Exp. | 0.31 | 0.72 | 1.21 | 1.33 | 1.46 |
| G) TOTAL (D+E+F) | 4.41 | 5.18 | 6.05 | 6.65 | 7.34 |
| H) NET PROFIT | 3.21 | 4.33 | 4.97 | 5.88 | 6.67 |
| | 10.4% | 12.0% | 12.4% | 13.2% | 13.7% |
| I) Taxation | - | - | - | 0.31 | 0.47 |
| J) PROFIT (After Tax) | 3.21 | 4.33 | 4.97 | 5.57 | 6.20 |

PROJECTED CASH FLOW STATEMENT

| PARTICULARS | I | II | III | IV | V |
|-----------------------------------|--------------|-------------|-------------|-------------|-------------|
| | | | | | |
| | | | | | |
| <u>SOURCES OF FUND</u> | | | | | |
| | | | | | |
| Own Contribution | 0.98 | - | - | - | - |
| Reserve & Surplus | 3.21 | 4.33 | 4.97 | 5.88 | 6.67 |
| Depriciation & Exp. W/off | 1.03 | 0.87 | 0.74 | 0.64 | 0.54 |
| Increase In Cash Credit | 2.48 | - | - | - | - |
| Increase In Term Loan | 6.30 | - | - | - | - |
| Increase in Creditors | 0.63 | 0.07 | 0.08 | 0.08 | 0.08 |
| | | | | | |
| TOTAL : | 14.63 | 5.28 | 5.79 | 6.59 | 7.30 |
| | | | | | |
| | | | | | |
| <u>APPLICATION OF FUND</u> | | | | | |
| | | | | | |
| Increase in Fixed Assets | 7.00 | - | - | - | - |
| Increase in Stock | 1.85 | 0.19 | 0.20 | 0.21 | 0.23 |
| Increase in Debtors | 1.54 | 0.27 | 0.20 | 0.21 | 0.22 |
| Repayment of Term Loan | 0.70 | 1.40 | 1.40 | 1.40 | 1.40 |
| Taxation | - | - | - | 0.31 | 0.47 |
| Drawings | 3.50 | 3.40 | 3.90 | 4.40 | 4.90 |
| TOTAL : | 14.59 | 5.26 | 5.70 | 6.53 | 7.22 |
| | | | | | |
| Opening Cash & Bank Balance | - | 0.04 | 0.06 | 0.15 | 0.21 |
| | | | | | |
| Add : Surplus | 0.04 | 0.02 | 0.09 | 0.06 | 0.08 |
| | | | | | |
| Closing Cash & Bank Balance | 0.04 | 0.06 | 0.15 | 0.21 | 0.28 |

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

| PARTICULARS | I | II | III | IV | V |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | |
| | | | | | |
| <u>Finished Goods</u> | | | | | |
| (15 Days requirement) | 1.22 | 1.34 | 1.46 | 1.60 | 1.75 |
| <u>Raw Material</u> | | | | | |
| (15 Days requirement) | 0.63 | 0.70 | 0.78 | 0.86 | 0.94 |
| | | | | | |
| | | | | | |
| Closing Stock | 1.85 | 2.04 | 2.24 | 2.46 | 2.68 |

COMPUTATION OF WORKING CAPITAL REQUIREMENT

| Particulars | Amount | Margin(10%) | Net Amount |
|------------------------------------|---------------|--------------------|-----------------------|
| Stock in Hand | 1.85 | | |
| Less: | | | |
| Sundry Creditors | 0.63 | | |
| Paid Stock | 1.22 | 0.12 | 1.10 |
| | | | |
| Sundry Debtors | 1.54 | 0.15 | 1.39 |
| Working Capital Requirement | | | 2.48 |
| | | | |
| Margin | | | 0.28 |
| | | | |
| MPBF | | | 2.48 |
| Working Capital Demand | | | 2.48 |

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

| Year | Particulars | Amount | Addition | Total | Interest | Repayment | CI Balance |
|------------|-----------------|--------|----------|-------|----------|-----------|------------|
| I | Opening Balance | | | | | | |
| | Ist Quarter | - | 6.30 | 6.30 | 0.17 | - | 6.30 |
| | Iind Quarter | 6.30 | - | 6.30 | 0.17 | - | 6.30 |
| | IIIrd Quarter | 6.30 | - | 6.30 | 0.17 | 0.35 | 5.95 |
| | Ivth Quarter | 5.95 | - | 5.95 | 0.16 | 0.35 | 5.60 |
| | | | | | 0.68 | 0.70 | |
| II | Opening Balance | | | | | | |
| | Ist Quarter | 5.60 | - | 5.60 | 0.15 | 0.35 | 5.25 |
| | Iind Quarter | 5.25 | - | 5.25 | 0.14 | 0.35 | 4.90 |
| | IIIrd Quarter | 4.90 | - | 4.90 | 0.13 | 0.35 | 4.55 |
| | Ivth Quarter | 4.55 | | 4.55 | 0.13 | 0.35 | 4.20 |
| | | | | | 0.56 | 1.40 | |
| III | Opening Balance | | | | | | |
| | Ist Quarter | 4.20 | - | 4.20 | 0.12 | 0.35 | 3.85 |
| | Iind Quarter | 3.85 | - | 3.85 | 0.11 | 0.35 | 3.50 |
| | IIIrd Quarter | 3.50 | - | 3.50 | 0.10 | 0.35 | 3.15 |
| | Ivth Quarter | 3.15 | | 3.15 | 0.09 | 0.35 | 2.80 |
| | | | | | 0.40 | 1.40 | |
| IV | Opening Balance | | | | | | |
| | Ist Quarter | 2.80 | - | 2.80 | 0.08 | 0.35 | 2.45 |
| | Iind Quarter | 2.45 | - | 2.45 | 0.07 | 0.35 | 2.10 |
| | IIIrd Quarter | 2.10 | - | 2.10 | 0.06 | 0.35 | 1.75 |
| | Ivth Quarter | 1.75 | | 1.75 | 0.05 | 0.35 | 1.40 |
| | | | | | 0.25 | 1.40 | |
| V | Opening Balance | | | | | | |
| | Ist Quarter | 1.40 | - | 1.40 | 0.04 | 0.35 | 1.05 |
| | Iind Quarter | 1.05 | - | 1.05 | 0.03 | 0.35 | 0.70 |
| | IIIrd Quarter | 0.70 | - | 0.70 | 0.02 | 0.35 | 0.35 |
| | Ivth Quarter | 0.35 | | 0.35 | 0.01 | 0.35 | 0.00 |
| | | | | | 0.10 | 1.40 | |

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> | 4.24 | 5.21 | 5.72 | 6.21 | 6.74 |
| | | | | | |
| Interest on Term Loan | 0.68 | 0.56 | 0.40 | 0.25 | 0.10 |
| | | | | | |
| Total | 4.92 | 5.76 | 6.12 | 6.46 | 6.84 |
| | | | | | |
| <u>REPAYMENT</u> | | | | | |
| Repayment of Term Loan | 0.70 | 1.40 | 1.40 | 1.40 | 1.40 |
| Interest on Term Loan | 0.68 | 0.56 | 0.40 | 0.25 | 0.10 |
| | | | | | |
| Total | 1.38 | 1.96 | 1.80 | 1.65 | 1.50 |
| | | | | | |
| DEBT SERVICE COVERAGE RATIO | 3.56 | 2.94 | 3.39 | 3.91 | 4.57 |
| | | | | | |
| AVERAGE D.S.C.R. | | | 3.63 | | |

Assumptions:

1. Production Capacity of Soft Toys unit is taken at 200 Toys per day. First year, Capacity has been taken @ 60%.
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 15 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 5 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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