

# PROJECT REPORT

Of

# STAPLE PINS

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Staple Pins**.

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 : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxx  
Pin: xxxxxxx State: xxxxxxxxx  
Mobile xxxxxxx
- 5 Product and By Product : **STAPLE PINS**
- 6 Name of the project / business activity proposed : **STAPLE PINS MAKING UNIT**
- 7 Cost of Project : Rs.10.67 Lakhs
- 8 Means of Finance  
Term Loan Rs.8.1 Lakhs  
Own Capital Rs.1.07 Lakhs  
Working capital Rs.1.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.50
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 55%
- 13 Employment : 8 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Preformend Wire, Adhesive, Packing material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 48.47 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

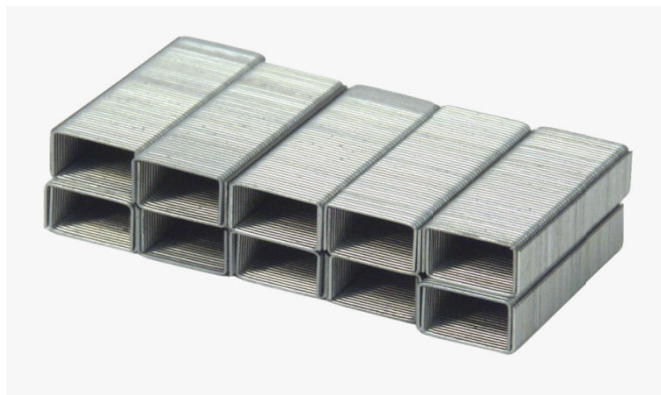
Particulars	Amount
	Own/Rented
Land	3.00
Building / Shed 800 Sq ft	5.00
Plant & Machinery	1.00
Furniture & Fixtures	1.67
Working Capital	10.67
<b>Total</b>	<b>10.67</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.07
Working Capital(Finance)	8.10
Term Loan	1.50
<b>Total</b>	<b>10.67</b>

# **STAPLE PINS**

**Introduction:** Staple pins are most commonly used office stationery items. These staples find wide application to staple sheets of paper, cheque, common known bills, album photos, sandwich bags and in financial institutions, offices, garment industry, leather industry, rubber industry and any shop delivering the materials in packets and so on.



**Market Potential:** Staple pins are commonly used products in every offices, schools, colleges, institution and business places. Apart from the domestic market, it has also a very good export opportunity. Staple pins find wide application to staple sheets of paper, cheque, commonly known bills, album photos, sandwich bags and in financial institutions, offices, garment industry, leather industry, rubber industry and any shop delivering the materials in packets and so on.

**Raw material:** Major raw material requirements are as follows:

1. Preformed Wire
2. Adhesive
3. Packing material

**Machinery & equipments:** Basic machines & equipments are as follows:

<b>S No.</b>	<b>Machine</b>	<b>Unit</b>	<b>Price</b>
1.	Automatic Staple Pin making machine	1	450000
2.	Other machine & equipments	Ls	50000
	<b>Total Amount</b>		<b>500000</b>

**Manufacturing Process:** The process of making staple pins has been simplified with introduction of sophisticated fully Automatic Staple Pin Making Machines. The preformed round wire is fed to the machine which flattens it and produces the necessary staple pins in pre-determined lengths of 50 staple pins in each length. The formation of this length is assisted by the use of a special staple pin adhesive, also developed in India. The staple pin lengths are packed suitably and sent for sale in the market.

**Area:**

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1000 to 1500Sqft. Civil work cost will be Rs 3 Lac (Approx.)

**Power Requirement:** The power consumption required to run all the machinery could be approximated as 20 Hp

**Manpower Requirement:** There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required

for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

**Bank Term Loan:** Rate of Interest is assumed to be at 11%

**Depreciation:** Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

**Approvals & Registration Requirement:**

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.

**FINANCIALS**

<b>PROJECTED CASH FLOW STATEMENT</b>					
<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	1.07	-			
Reserve & Surplus	0.88	2.26	4.07	6.06	7.84
Depriciation & Exp. W/off	1.15	1.00	0.87	0.75	0.65
Increase In Cash Credit	1.50				
Increase In Term Loan	8.10	-	-	-	-
Increase in Creditors	0.17	0.02	0.01	0.01	0.01
<b>TOTAL :</b>	<b>12.87</b>	<b>3.28</b>	<b>4.95</b>	<b>6.83</b>	<b>8.51</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	9.00	-	-	-	-
Increase in Stock	1.44	0.27	0.27	0.29	0.31
Increase in Debtors	0.80	0.21	0.19	0.20	0.22
Repayment of Term Loan	0.90	1.80	1.80	1.80	1.80
Taxation	-	-	-	0.61	0.78
Drawings	0.50	1.00	2.00	3.50	5.00
<b>TOTAL :</b>	<b>12.64</b>	<b>3.28</b>	<b>4.25</b>	<b>6.39</b>	<b>8.11</b>
Opening Cash & Bank Balance	-	0.23	0.23	0.92	1.35
Add : Surplus	0.23	- 0.00	0.69	0.43	0.40
Closing Cash & Bank Balance	<b>0.23</b>	<b>0.23</b>	<b>0.92</b>	<b>1.35</b>	<b>1.75</b>

<b>PROJECTED BALANCE SHEET</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>SOURCES OF FUND</b>					
<b>Capital Account</b>					
Opening Balance	-	1.45	2.70	4.77	6.73
Add: Additions	1.07	-	-	-	-
Add: Net Profit	0.88	2.26	4.07	5.46	7.05
Less: Drawings	0.50	1.00	2.00	3.50	5.00
<b>Closing Balance</b>	<b>1.45</b>	<b>2.70</b>	<b>4.77</b>	<b>6.73</b>	<b>8.78</b>
CC Limit	1.50	1.50	1.50	1.50	1.50
Term Loan	7.20	5.40	3.60	1.80	-
Sundry Creditors	0.17	0.19	0.21	0.22	0.23
<b>TOTAL :</b>	<b>10.32</b>	<b>9.80</b>	<b>10.08</b>	<b>10.25</b>	<b>10.52</b>
<b>APPLICATION OF FUND</b>					
<b>Fixed Assets ( Gross)</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>
Gross Dep.	1.15	2.15	3.01	3.77	4.42
Net Fixed Assets	7.85	6.85	5.99	5.23	4.58
<b>Current Assets</b>					
Sundry Debtors	0.80	1.01	1.20	1.40	1.62
Stock in Hand	1.44	1.71	1.98	2.26	2.57
Cash and Bank	0.23	0.23	0.92	1.35	1.75
<b>TOTAL :</b>	<b>10.32</b>	<b>9.80</b>	<b>10.08</b>	<b>10.25</b>	<b>10.52</b>

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<b>PROJECTED PROFITABILITY STATEMENT</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>A) SALES</b>					
Gross Sale	23.94	30.27	35.89	41.95	48.47
<b>Total (A)</b>	<b>23.94</b>	<b>30.27</b>	<b>35.89</b>	<b>41.95</b>	<b>48.47</b>
<b>B) COST OF SALES</b>					
Raw Material Consumed	7.42	8.35	8.90	9.46	10.02
Electricity Expenses	2.26	2.42	2.58	2.74	2.90
Repair & Maintenance	1.20	2.42	3.23	3.78	4.36
Labour & Wages	6.80	8.03	9.63	11.56	13.87
Depreciation	1.15	1.00	0.87	0.75	0.65
<b>Cost of Production</b>	<b>18.83</b>	<b>22.21</b>	<b>25.21</b>	<b>28.29</b>	<b>31.81</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.07</b>	<b>1.29</b>	<b>1.53</b>	<b>1.79</b>
<b>Less: Closing Stock /WIP</b>	<b>1.07</b>	<b>1.29</b>	<b>1.53</b>	<b>1.79</b>	<b>2.07</b>
Cost of Sales (B)	17.76	21.99	24.97	28.03	31.53
<b>C) GROSS PROFIT (A-B)</b>	<b>6.18</b>	<b>8.28</b>	<b>10.91</b>	<b>13.92</b>	<b>16.93</b>
	<b>25.83%</b>	<b>27.35%</b>	<b>30.41%</b>	<b>33.18%</b>	<b>34.94%</b>
D) Bank Interest (Term Loan )	0.88	0.72	0.52	0.32	0.12
ii) Interest On Working Capital	0.17	0.17	0.17	0.17	0.17
E) Salary to Staff	3.78	4.54	5.44	6.53	7.84
F) Selling & Adm Expenses Exp.	0.48	0.61	0.72	0.84	0.97
<b>TOTAL (D+E)</b>	<b>5.30</b>	<b>6.02</b>	<b>6.85</b>	<b>7.86</b>	<b>9.10</b>
H) NET PROFIT	0.88	2.26	4.07	6.06	7.84
	<b>3.7%</b>	<b>7.5%</b>	<b>11.3%</b>	<b>14.4%</b>	<b>16.2%</b>
I) Taxation	-	-	-	0.61	0.78
<b>J) PROFIT (After Tax)</b>	<b>0.88</b>	<b>2.26</b>	<b>4.07</b>	<b>5.46</b>	<b>7.05</b>



<u>COMPUTATION OF MAKING OF STAPLE PINS</u>			
<b>Item to be Manufactured Staple Pins</b>			
Manufacturing Capacity per day		1,500	packets
Each packet Contains 1000 staple pins			
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		4,50,000	packets
Total Production per Annum		4,50,000	Packets of 1000 pins each
Year		Capacity	STAPLE PINS
		Utilisation	
I		70%	3,15,000.00
II		75%	3,37,500.00
III		80%	3,60,000.00
IV		85%	3,82,500.00
V		90%	4,05,000.00

<u>COMPUTATION OF RAW MATERIAL</u>					
Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)	
Preformed Wire 0.45 mm, 0.6 mm	7,000.00	kg	60.00	4,20,000.00	
Adhesive	3,000.00	kg	200.00	6,00,000.00	
Packing material	Lumsum			40,000.00	
Total				<b>10,60,000.00</b>	
Total Raw material in Rs lacs					10.60

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)	
I	70%	7.42	
II	75%	8.35	5% Increase in Cost
III	80%	8.90	5% Increase in Cost
IV	85%	9.46	5% Increase in Cost
V	90%	10.02	5% Increase in Cost

<b>COMPUTATION OF SALE</b>					
Particulars	I	II	III	IV	V
Op Stock	-	15,750.00	16,875.00	18,000.00	19,125.00
Production	3,15,000.00	3,37,500.00	3,60,000.00	3,82,500.00	4,05,000.00
Less : Closing Stock(15 Days)	15,750.00	16,875.00	18,000.00	19,125.00	20,250.00
Net Sale	2,99,250.00	3,36,375.00	3,58,875.00	3,81,375.00	4,03,875.00
Sale Price per packet	8.00	9.00	10.00	11.00	12.00
<b>Sale (in Lacs)</b>	<b>23.94</b>	<b>30.27</b>	<b>35.89</b>	<b>41.95</b>	<b>48.47</b>

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>Finished Goods</b>					
(15Days requirement)	1.07	1.29	1.53	1.79	2.07
<b>Raw Material</b>					
(15 Days requirement)	0.37	0.42	0.45	0.47	0.50
<b>Closing Stock</b>	<b>1.44</b>	<b>1.71</b>	<b>1.98</b>	<b>2.26</b>	<b>2.57</b>

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</b>			
<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	1.44		
Less:			
Sundry Creditors	0.17		
<b>Paid Stock</b>	<b>1.27</b>	<b>0.13</b>	<b>1.14</b>
Sundry Debtors	0.80	0.08	0.72
<b>Working Capital Requirement</b>			<b>1.86</b>
<b>Margin</b>			0.21
<b>MPBF</b>			<b>1.86</b>
<b>Working Capital Demand</b>			<b>1.50</b>

<b>BREAK UP OF LABOUR</b>				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	18,000.00	1	18,000.00	
Plant Operator	12,000.00	1	12,000.00	
Unskilled Worker	10,000.00	1	10,000.00	
Helper	8,000.00	1	8,000.00	
Security Guard	6,000.00	1	6,000.00	
				54,000.00
Add: 5% Fringe Benefit				2,700.00
Total Labour Cost Per Month				56,700.00
Total Labour Cost for the year ( In Rs. Lakhs)		5		6.80

<b>BREAK UP OF SALARY</b>				
Particulars	Salary Per Month	No of Employees	Total Salary	
Manager	12,000.00	1	12,000.00	
Accountant cum store keeper	10,000.00	1	10,000.00	
Sales	8,000.00	1	8,000.00	
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year ( In Rs. Lakhs)		3		3.78

<b>COMPUTATION OF DEPRECIATION</b>					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		<b>10.00%</b>	<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	Leased		-	-	-
Addition	-	3.00	5.00	1.00	9.00
	-	3.00	5.00	1.00	9.00
		-	-	-	
<b>TOTAL</b>		3.00	5.00	1.00	9.00
Less : Depreciation	-	0.30	0.75	0.10	1.15
WDV at end of Ist year	-	2.70	4.25	0.90	7.85
Additions During The Year	-	-	-	-	-
	-	2.70	4.25	0.90	7.85
Less : Depreciation	-	0.27	0.64	0.09	1.00
WDV at end of IIInd Year	-	2.43	3.61	0.81	6.85
Additions During The Year	-	-	-	-	-
	-	2.43	3.61	0.81	6.85
Less : Depreciation	-	0.24	0.54	0.08	0.87
WDV at end of IIIrd year	-	2.19	3.07	0.73	5.99
Additions During The Year	-	-	-	-	-
	-	2.19	3.07	0.73	5.99
Less : Depreciation	-	0.22	0.46	0.07	0.75
WDV at end of IV year	-	1.97	2.61	0.66	5.23
Additions During The Year	-	-	-	-	-
	-	1.97	2.61	0.66	5.23
Less : Depreciation	-	0.20	0.39	0.07	0.65
WDV at end of Vth year	-	1.77	2.22	0.59	4.58

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	8.10	8.10	0.22	-	8.10
	IInd Quarter	8.10	-	8.10	0.22	-	8.10
	IIIRD Quarter	8.10	-	8.10	0.22	0.45	7.65
	Ivth Quarter	7.65	-	7.65	0.21	0.45	7.20
					0.88	0.90	
<b>II</b>	Opening Balance						
	Ist Quarter	7.20	-	7.20	0.20	0.45	6.75
	IInd Quarter	6.75	-	6.75	0.19	0.45	6.30
	IIIRD Quarter	6.30	-	6.30	0.17	0.45	5.85
	Ivth Quarter	5.85		5.85	0.16	0.45	5.40
					0.72	1.80	
<b>III</b>	Opening Balance						
	Ist Quarter	5.40	-	5.40	0.15	0.45	4.95
	IInd Quarter	4.95	-	4.95	0.14	0.45	4.50
	IIIRD Quarter	4.50	-	4.50	0.12	0.45	4.05
	Ivth Quarter	4.05		4.05	0.11	0.45	3.60
					0.52	1.80	
<b>IV</b>	Opening Balance						
	Ist Quarter	3.60	-	3.60	0.10	0.45	3.15
	IInd Quarter	3.15	-	3.15	0.09	0.45	2.70
	IIIRD Quarter	2.70	-	2.70	0.07	0.45	2.25
	Ivth Quarter	2.25		2.25	0.06	0.45	1.80
					0.32	1.80	
<b>V</b>	Opening Balance						
	Ist Quarter	1.80	-	1.80	0.05	0.45	1.35
	IInd Quarter	1.35	-	1.35	0.04	0.45	0.90
	IIIRD Quarter	0.90	-	0.90	0.02	0.45	0.45
	Ivth Quarter	0.45		0.45	0.01	0.45	0.00
					0.12	1.80	

Door to Door Period            60 Months  
Moratorium Period                6 Months  
Repayment Period                 54 Months

<b>CALCULATION OF D.S.C.R</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>CASH ACCRUALS</b>	2.03	3.25	4.93	6.21	7.71
Interest on Term Loan	0.88	0.72	0.52	0.32	0.12
Total	2.91	3.97	5.45	6.53	7.83
<b>REPAYMENT</b>					
Repayment of Term Loan	0.90	1.80	1.80	1.80	1.80
Interest on Term Loan	0.88	0.72	0.52	0.32	0.12
Total	1.78	2.52	2.32	2.12	1.92
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.64</b>	<b>1.58</b>	<b>2.35</b>	<b>3.08</b>	<b>4.07</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.50</b>		

<b>COMPUTATION OF ELECTRICITY</b>				
<b>(A) POWER CONNECTION</b>				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	20	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
<b>Electricity Charges</b>				2,68,560.00
Add : Minimim Charges (@ 10%)				
<b>(B) DG set</b>				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				3.22
<b>Year</b>		<b>Capacity</b>		<b>Amount</b>
				<b>(in Lacs)</b>
I		70%		2.26
II		75%		2.42
III		80%		2.58
IV		85%		2.74
V		90%		2.90



## **DISCLAIMER**

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