

## **Project Profile on Steel Furniture**



**National Institute of Micro, Small and Medium Enterprises (ni-msme)  
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HYDERABAD – 500 045**

### **Introduction:**

The unit is a proposed micro enterprise propose to manufacture steel fabricated furniture which are required both for domestic and commercial establishments. With the growth of industrial, commercial and household activities the demand of office automation, equipments and steel furniture has increased considerably. Wooden furniture after some period is worn out due to defects in wood quality and normal wear and tear. Due to elegant appearance, durability and innovative designs, steel furniture is becoming popular in modern society. Steel furniture is preferred over other kinds of furniture due to its durability, fold ability (in many cases) and easy transportability. These items find their extensive use in industrial, commercial and household activities. These steel products are the only replacement of wood in terms of cost and durability. These products will be varied in shapes and sizes as per the demand. Fabrications of steel related items are well established business and no sophisticated know-how is required. Though a number of units are carrying out the above activities, still there exists a gap in the demand supply curve.

### **Location:**

The proposed unit is to be set up in a rented building in Thrissur, where in all infrastructure facilities are available.

### **Process of manufacture:**

The main process steps are –  
(A). Cutting or shearing of the materials to size.

Courtesy : 

- (B). Welding the sized material as per design of product to be made.
- (C). Grinding edges and surfaces to smoothness.
- (D) Finishing process to the article produced.

### **Raw Materials and Consumable Materials:**

The main Raw materials & consumables required for the unit are stainless steel square and round pipes of various sizes, stainless steel sheets, welding electrodes, cutting blades, screws; cutting fluid, cotton waste etc. are available in the market.

### **Employment:**

The Unit can provide employment to 4 persons directly.

### **Assumptions**

The estimate of this project is on the basis of the following:

- 1) The unit will function for 300 days in a year.
- 2) The capacity utilization has been assumed at 60% in the first year and 65 % afterwards.
- 3) The price of the raw material and services are taken at the prevailing market rates.
- 4) Wages and salaries have been increased by 5% every year.
- 5) Repairs, insurance, telephone charge, etc., are taken at lump.
- 6) No contingency provision is made since the costs are taken at prevailing market price.
- 7) Depreciation has been calculated on Written down Value Method.
- 8) Income tax has been calculated at the rate applicable to proprietary concern.

### **CONCLUSION**

On considering the various aspects of the project both financially & technically it can be seen that the above scheme will be a great success. Further it is certified that the project report is technically feasible and economically viable.

### **MACHINERY AND EQUIPMENT**

Sl No	Items	Qty	Unit	Rate	Amount
1	Bench drill with motor	1	Nos	18,800.00	18,800.00
2	Welding set 300amp	1	Nos	11,000.00	11,000.00
3	Cut off	1	Nos	10,800.00	10,800.00
4	Hand drill	1	Nos	3,800.00	3,800.00
5	Hand drill 2.20	1	Nos	9,200.00	9,200.00
6	Grinder	2	Nos	2,400.00	4,800.00
7	Welding cable set	2	Nos	2,000.00	4,000.00
8	MMA welding set	1	Nos	15,200.00	15,200.00
9	Ring and spanner set	1	Nos	4,000.00	4,000.00
10	Bench grinder	1	Nos	13,000.00	13,000.00
11	Screwdriver set	1	nos	2,800.00	2,800.00
12	Cut off meter saw	1	Nos	16,000.00	16,000.00
13	Compressor	1	Nos	13,000.00	13,000.00
14	Buffing motor	1	Nos	22,000.00	22,000.00
15	Straight sander	1	Nos	6,000.00	6,000.00
16	Pipe bending machine	1	Nos	94,500.00	94,500.00
17	2Hp Motor	1	Nos	9,200.00	9,200.00
	<b>TOTAL</b>				<b>2,58,100.00</b>

### **Requirements Of Raw Materials Per Month(60% Capacity Utilisation)**

Sl No	Items	Qty	Unit	Rate	Amount
1	Stainless steel pipe	350	Kg	210.00	73,500.00
2	SS sheets and strips	150	Kg	150.00	22,500.00
3	Glass sheet	200	Sq ft.	120.00	24,000.00
4	Other essential items				28,400.00
	<b>TOTAL</b>				<b>1,48,400.00</b>

Courtesy : 

### MAN POWER REQUIREMENT

SI No	Designation	No	Monthly Salary	Amount
1	Skilled worker	1	10,000.00	10,000.00
2	Semi Skilled worker	2	9,000.00	18,000.00
3	Un skilled worker	1	8,000.00	8,000.00
	<b>TOTAL</b>			<b>36,000.00</b>

### OTHER EXPENCE PER MONTH

SI No	Item	Amount
1	Power	2,000.00
2	Rent	2,000.00
3	Office expenses , etc.	500.00
4	Transportation	3000.00
5	Postage and telephone	500.00
6	Stationary	500.00
7	Miscellaneous	2,000.00
	<b>TOTAL</b>	<b>10,500.00</b>

### WORKING CAPITAL

SI No	Item	Period in days	Total Amount	Loan From Bank	Margin
1	Stock of Raw materials	7	41,552.00	39,474.00	2,078.00
2	Work in process	4	23,744.00	22557.00	1,187.00
3	Stock of finished goods	5	29,680.00	28,196.00	1,484.00
4	Receivables	5	29,680.00	28,196.00	1,484.00
5	Working Expenses	30	46,500.00	44,175.00	2,325.00
	<b>Total</b>		<b>1,71,156.00</b>	<b>1,62,598.00</b>	<b>8,558.00</b>
		<b>Say</b>	<b>1,71,200.00</b>	<b>1,62,600.00</b>	<b>8,600.00</b>

### PRODUCTION PER MONTH (Capacity utilization 60%)

Courtesy :



SI No	Item	Qty	Unit	Rate	Amount
1	Coat	15	Nos	5,275.00	79,125.00
2	Steel table	12	Nos	4,250.00	51,000.00
3	Teapoy	15	Nos	2500.00	37,500.00
4	Steel chair	30	Nos	2,000.00	60,000.00
	<b>TOTAL</b>				<b>2,27,625.00</b>

### **PROJECT COST**

SI No	Particulars	Amount
1	Building	Rented
2	Machinery & Equipment	2,58,100.00
3	Electrification and Errection	25,000.00
4	Preliminary & Pre-operative expences	6,000.00
6	Working Capital	1,71,200.00
	<b>Total</b>	<b>4,60,300.00</b>

### **MEANS OF FINANCE**

SI No	Particulars	Amount
1	Term Loan from Bank (75%)	2,16,825.00
2	Working Capital Loan from bank(75%)	1,28,400.00
3	Promoter's Contribution(25%)	1,15,075.00
	<b>Total</b>	<b>4,60,300.00</b>

### **COST OF PRODUCTION & PROFITABILITY STATEMENT**

Courtesy : 

	Particulars	1st Year
	No. of working days	300
	No.of shifts	1
	Installed Capacity	4552500
	Capacity Utilisation	60
	Production	2731500
	<b>Reciepts</b>	
<b>A</b>	<b>Sales</b>	2622240
<b>B</b>	<b>Cost of Production</b>	
	Raw materials	1780800
	Salaries	216000
	Wages	216000
	Power Charges	24000
	Repairs & Maintenance	5160
	Insurance	2581
	Depreciation	25806
	<b>Total</b>	<b>2270347</b>
<b>C</b>	<b>Gross Operating Profit</b>	351893
<b>D</b>	Administrative & Selling expenses	102000
<b>E</b>	<b>Financial expenses</b>	
	1. Interest on Term loan	27704
	2. Interest on WC loan	17976
	3. Interest on MM loan	0
<b>F</b>	<b>Total of D &amp; E</b>	<b>147680</b>
<b>G</b>	Net Operating Profit	204213
<b>H</b>	Income Tax	421
<b>I</b>	<b>Net Profit</b>	<b>203792</b>
<b>J</b>	Withdrawals	0
<b>K</b>	Add Depreciation	25806
<b>L</b>	Cash Surlpus	229598

#### BREAK - EVEN ANALYSIS

	Particulars	1 Year
<b>FIXED COST</b>		
	Salaries	216000
	Repairs & Maintenance	5160
	Insurance	2581
	Administrative expenses	18000
	Depreciation	25806
	Interest on Term Loan	27704
	<b>Total</b>	<b>295251</b>
<b>VARIABLE COST</b>		
	Raw materials	1780800
	Wages	216000
	Power Charges	24000
	Selling expenses	60000
	Interest on WC loan	17976
	<b>Total</b>	<b>2098776</b>
	<b>BEP in % of Installed Capacity</b>	<b>56.40</b>
	<b>DSCR</b>	<b>3.95</b>

<b>REPAYMENT SHEDULE OF TERM LOAN @ 13.5%</b>					
<b>Year</b>	<b>Instalment Number</b>	<b>Principal</b>	<b>Inst. Amt</b>	<b>Interest</b>	<b>Balance</b>
<b>1</b>	1	216825	7740	7318	209085
	2	209085	7740	7057	201345
	3	201345	7740	6795	193605
	4	193605	7740	6534	185865
			<b>30960</b>	<b>27704</b>	
<b>2</b>	5	185865	7740	6273	178125
	6	178125	7740	6012	170385

Courtesy :



	7	170385	7740	5750	162645
	8	162645	7740	5489	154905
			<b>30960</b>	<b>23524</b>	
<b>3</b>	9	154905	7740	5228	147165
	10	147165	7740	4967	139425
	11	139425	7740	4706	131685
	12	131685	7740	4444	123945
			<b>30960</b>	<b>19345</b>	
<b>4</b>	13	123945	7740	4183	116205
	14	116205	7740	3922	108465
	15	108465	7740	3661	100725
	16	100725	7740	3399	92985
			<b>30960</b>	<b>15165</b>	
<b>5</b>	17	92985	7740	3138	85245
	18	85245	7740	2877	77505
	19	77505	7740	2616	69765
	20	69765	7740	2355	62025
			<b>30960</b>	<b>10986</b>	
<b>6</b>	21	62025	7740	2093	54285
	22	54285	7740	1832	46545
	23	46545	7740	1571	38805
	24	38805	7740	1310	31065
			<b>30960</b>	<b>6806</b>	
<b>7</b>	25	31065	7740	1087	23325
	26	23325	7740	816	15585
	27	15585	7740	545	7845
	28	7845	7845	275	0
			<b>31065</b>	<b>2723</b>	

INTEREST ON WORKING CAPITAL LOAN ( @14%)								
	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year

Courtesy : 



Total Working Capital	171156	188272	207099	207099	207099	207099	207099	207099
Loan Amount	128400	141240	141240	141240	141240	141240	141240	141240
Interest	17976	21186	21186	21186	21186	21186	21186	21186

Courtesy :  mudra