

# PROJECT REPORT

FOR

MANUFACTURING  
OF

*Steel Doors, Windows, Frames, Furniture, Grills, Gates, steel bench, hooks etc.*

FOR

**MESSRS X STEEL INDUSTRIES**  
**Jammu**

Prepared by:

GAK Consultancy Services Pvt. Ltd.

(Registered vide: Order No. 223 DI & C of 2006 dt. 13-12-2006)

Sec 14, Railway Road, Nanak Nagar, Jammu. 180004. 2432601

email : [satishkrgupta\\_ca@yahoo.com](mailto:satishkrgupta_ca@yahoo.com)

# PROJECT HIGHLIGHTS

- 1. Name & Address** : M/S X Steel Industries  
Jammu
- 2. Constitution** : Proprietorship Concern
- 3. Line of activity** : Manufacturing of:  
*Stainless & Mild steel gates, Railings, Stairs, Steps, Almirahs, Cot frame, bed, car carriers, guards, racks, desks, tables, chair , garden Jullas , steel bench, hooks etc*
- 4. Installed capacity** : **400 MT / annum**
- 5. Project Cost.** (Amount in Lacs)
- |                        |        |
|------------------------|--------|
| (a) Land               | Rented |
| <b>(b) Building</b>    | Rented |
| (c) Plant & Machinery  | 9.96   |
| (d) Misc. fixed assets | 3.00   |
| (e) Working capital    | 12.04  |
|                        | -----  |
|                        | 25.00  |
|                        | -----  |
- 6. MEANS OF FINANCE.**
- |                             |   |       |
|-----------------------------|---|-------|
| (a) Promoter's contribution | : | 1.25  |
| (b) Working Capital         | : | 11.43 |
| (b) Term loan               | : | 12.32 |
|                             |   | ----- |
|                             |   | 25.00 |
|                             |   | ----- |
- 7. Employment potential** : **15** persons
- 8. Power Requirement** : 20 HP

## **INTRODUCTION**

Messers x Steel Industries is being promoted as a small scale industrial unit by a businessman – Mr. X S/O S, Jammu.

The unit will be engaged in the manufacturing of Stainless & Mild steel gates, Railings, Stairs, Steps, Almirahs, Cot frame, bed, car carriers, guards, racks, desks, tables, chair , garden Jullas, steel bench & hooks etc at Village Lohrakote, Tehsil Sunderbani and the promoter has already acquired land on lease for this purpose.

The promoter of the proposed unit has sensed the market demand and intends to setup a manufacturing unit at Village Lohrakote, Tehsil Sunderbani to meet the grown up market demand.

The unit will be located in industrially backward state and both the Central Government and the State Government has announced very attractive incentives for the promotion of the Industry in the State.

## **PROMOTERS AND MANAGEMENT**

M/S X Steel Industries is being promoted as a proprietorship concern of Mr X S/O Sh. S R/O Jammu.

The unit will be engaged in the production of Stainless & Mild steel gates, Railings, Stairs, Steps, Almirahs, Cot frame, bed, car carriers, guards, racks, desks, tables, chair , garden Jullas, Steel bench & hooks etc. This unit will meet the requirement of growing demand in region.

So far as the management is concerned, it will be in the hands of the promoter himself but for day to day activity experienced staff will be employed.

Considering these aspects, it can be safely assumed that the Proprietor will not face any difficulty in implementing its manufacturing plant, as well as running it smoothly.

## **MARKET DEMAND AND MARKETING POTENTIAL**

The product to be manufactured by the unit has immense demand in our state as well in the adjoining areas. The promoter proposes to manufacture a wide range of Stainless & Mild steel gates, Railings, Stairs, Steps, Almirahs, Cot frame, bed, car carriers, guards, racks, desks, tables, chair , garden Jullas, steel bench & hooks etc and they have good demand from different corners of the society. Due to large scale construction of houses their demand will continuously increase.

In view of the above, there is good scope of setting up of a few more units for the manufacture of these items.

Taking into account the above stated factors of increasing demand in the state, advantages accruing to the promoters in the form of lower cost of production and tax concessions and the promoter's experience in the business line and their contacts, the unit is not likely to face any major problem in selling its products.

## **PROJECT PARTICULAR & MEANS OF FINANCE**

### **PROJECT PARTICULARS:-**

#### **A-1 LOCATION OF THE PROJECT :-**

The unit is located Jammu. The location is best suited for the project with all infra-structure facility like Power , Water , Transport , Proximity to raw material etc. The promoter has already possesses land for this purpose.

The land will be adequate to take care of existing as well as future requirements of the proposed unit upon expansions.

**A-2 BUILDING :-** The building to be constructed that will be required to carry on the manufacturing activity is already constructed.

#### **A-3 PLANT & MACHINERY :-**

Plant and machinery to be used in the manufacture of final product will cost 9.96 Lacs.

**A-4 MISC. FIXED ASSETS: -** This includes furniture fixtures etc. An approx. amount of Rs. 3.00 lacs is kept for this purpose.

**A-5 Working Capital :-** The total working capital requirement is estimated at Rs.12.03 Lacs against which the promoter will be contributing Rs.3.00 Lakhs in the first year and getting a finance from bank of Rs. 9.03 Lakhs.

**A-6 Technical Know-how :-** Manufacturing process to be adopted by the unit is not very intricate and does not require any sophistication. The technology is well established and as such no technical collaboration is required. The necessary assistance can be sought from equipment supplier. Further more, experienced skilled labour will be recruited for smooth operation of the unit. In view of the above, it can be safely concluded that the promoters will not face any difficulty in running the unit smoothly.

**A-7 Plant Capacity:-**

The unit is proposed to be having annual manufacturing capacity of 400 MT of various Stainless & Mild steel gates, Railings, Stairs, Steps, Almirahs, Cot frame, bed, car carriers, guards, racks, desks, tables, chair, garden Jullas etc per annum. This capacity is on the working of 300 days in a year on 8 hourly single shift bases.

**A-8 Utilities :-**

- (a) Power:** The unit will be requiring 8 H.P. of power load for the plant operation which will be available from PDD authorities.
- (b) Water:** - The water is required for drinking and washing purposes. The requisite water is freely available in the area.

**A-9 Pollution:** - The unit will not generate any discharge from the factory and therefore, it is pollution free industry.

**A-10 Quality Control:** - The Promoter must purchase good quality machinery, raw-material and frames strict post production inspection procedure to ensure the quality of the finished products.

**A-11 Man Power :-** the unit upon commercial operation will generate employment potential for 15 persons which is freely available.

**A-12. Source of Finance:-** *The unit proposes to take finance from bank*

**Conclusion & Recommendations:-** On the basis for profitability estimates, it can be concluded that the unit will be having good profitability . Therefore, the unit deserves liberal financial assistance and other incentives available to the industrial unit.



**PROJECT REPORT IN FAVOUR OF Mr. X S/O S**  
**R/O JAMMU**  
**FOR STEEL FABRICATION**  
**AT JAMMU**

**1 LAND AND BUILDING :-**

Land & building	Rented		0.00
		Total	(i) <u><u>0.00</u></u>

**2 MACHINERY :-**

	<b><u>QTY.</u></b>		
1 Cutter	2 No.	Rs.	125,500.00
2 Lathe Machine 6' with gear Box	1 No.	Rs.	176,000.00
3 Bending Machine 7"	1 No.	Rs.	155,000.00
4 Drill Machine	1 No.	Rs.	135,000.00
5 Air Compressor with spray Gun	1 No.	Rs.	25,000.00
6 Power Press	1 No.	Rs.	25,000.00
7 Electricity welding set	2 No.	Rs.	35,000.00
8 Buffering Machine	1 No.	Rs.	20,000.00
9 Cutting Machine	1 No.	Rs.	20,000.00
10 Gas Welding Set	1 No.	Rs.	20,000.00
11 Bench Grinder	1 No.	Rs.	10,000.00
12 Sheft Grinder	1 No.	Rs.	21,000.00
13 Hand Tools	LS	Rs.	125,000.00
		Rs.	<u>892,500.00</u>
Add : VAT		Rs.	<u>104,125.00</u>
		Total	(ii) <u><u>996,625.00</u></u>

**3 OTHER FIXED ASSETS**

Office Furniture		Rs.	25,000.00
D G set		Rs.	150,000.00
Electrical Fitting Trasformer and other misc		Rs.	<u>125,000.00</u>
		Total	(iii) <u><u>300,000.00</u></u>

**4 TOTAL CAPITAL EXPENDITURE :-**

(i+ii+iii)		Total	Rs. <u><u>1,296,625.00</u></u>
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**4 RAW MATERIAL CHARGES PER MONTH :-**

Steel/Aluminium Section, G.P./B.P. Sheet, M. S. Angle/ Flat/Square/Round, Plate, Channels, Joist, H. R Sheet, C R sheet C I casting, M.S Pipe/G.I Pipe, Shutter spring, chain Channels Locks, Kundas, Nuts, Bolts, Paints, Ribbets, Fibre sheet, Screws, Paints, Pipe, lockers , Plywood and other hardware materials and Plastic Thread (Niwar) etc			700,000.00
(Value taken in Lumsum)		Total	(iii) <u><u>700,000.00</u></u>

**5 STAFF AND LABOUR PER MONTH :-**

1	Skilled Labour (4 Nos.) @ Rs. 5000 p. m.	Rs.	20,000.00
2	Unskilled Workers (8 No.) @ Rs. 4500 p. m.	Rs.	36,000.00
3	Helper (3 No.) @ Rs. 3000 p. m.	Rs.	9,000.00

Total (iv) 65,000.00

**7 OTHER EXPENSES PER MONTH:-**

1	Stationary, Postage, Conveyance, Telephone Stamp, Electricity etc.	Rs.	750.00
2	Miscellaneous	Rs.	500.00
3	Rent	Rs.	36,000.00

Total (vi) 37,250.00

**8 WORKING CAPITAL PER MONTH:-**

1	Raw Material	Rs.	700,000.00
2	Staff & Labour	Rs.	65,000.00
3	Other Expenses	Rs.	37,250.00

Total (vii) 802,250.00

WORKING CAPITAL FOR 45 DAYS **1,203,375.00**

**9 TOTAL INVESTMENT :-**

1	Capital Expenditure	Rs.	1,296,625.00
2	Working Capital	Rs.	1,203,375.00

Total (viii) 2,500,000.00

**10 MEANS OF FINANCE:-**

1	Term Loan @ 75%	Rs.	972,469.00	1,875,000.00
2	Working Capital @ 75%	Rs.	902,531.00	
3	Equity Money @ 25% of the project scheme (Self investment and unsecured loans from friends and relatives)	Rs.		625,000.00

**11 DEPRECIATION, INTEREST AND INSURANCE PER MONTH :-**

1 Depreciation on Plant & Machinery @ 10% per annum	10,805.00
2 Interest on Loan @ 13.25% per annum	20,703.00
3 Insurance @ 1% per annum on Capital Investment	1,081.00
Total	(ix) <u><u>32,589.00</u></u>

**12 COST OF PRODUCTION PER MONTH :-**

1 Working Capital	802,250.00
2 Depreciation, Interest, Insurance	32,589.00
Total	(x) <u><u>834,839.00</u></u>

**13 SALES PROCEEDS PER MONTH:-**

1 By Sales	865,000.00
Total	(xi) <u><u>865,000.00</u></u>

**14 PROFIT AFTER SALE PER MONTH:-**

1 Sale Proceeds	865,000.00
2 Cost of Production	834,839.00
3 Net Profit	Total (xii) <u><u>30,161.00</u></u>

Hence, the scheme is technically feasible and economically viable.