

PROJECT REPORT

Of

GLASS BOWL MAKING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Glass Bowl 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 : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **GLASS BOWL**
- 6 Name of the project / business activity proposed : **GLASSWARE'S MAKING UNIT (GLASS BOWL)**
- 7 Cost of Project : Rs.15.1 Lakhs
- 8 Means of Finance
- Term Loan Rs.9 Lakhs
- Own Capital Rs.1.51 Lakhs
- Working Capital Rs.4.59 Lakhs
- 9 Debt Service Coverage Ratio : 2.77
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 42%
- 13 Employment : 12 Persons
- 14 Power Requirement : 10.00 KW
- 15 Major Raw materials : Soda Lime Silica Glass, Lead
Glass (Soft Glass)
- 16 Estimated Annual Sales Turnover (Max Capacity) : 88.47 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	8.50
Furniture & Fixtures	1.50
Working Capital	5.10
Total	15.10

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.51
Working Capital(Finance)	4.59
Term Loan	9.00
Total	15.10

GLASS BOWL UNIT

Introduction:

Glassware is defined as the articles which are made from different types of glass, such as, soda-lime glass, lead glass, and heat resistant glass. Glassware is used for containing food or decorative purposes. A Glass bowl is a round dish or container typically used to prepare and serve food. The interior of a bowl is characteristically shaped like a spherical cap, with the edges and the bottom forming a seamless curve. This makes bowls especially suited for holding liquids and loose food, as the contents of the bowl are naturally concentrated in its center by the force of gravity. The exterior of a bowl is most often round but can be of any shape, including rectangular. The size of bowls varies from small bowls used to hold a single serving of food to large bowls, such as punch bowls or salad bowls, that are often used to hold or store more than one portion of food.



Uses & Market Potential:

Use of multicolored glass lends a charming and luxurious look to kitchen utensils. Glass utensils are absolutely classy and must possess for each contemporary home, hotel and restaurant. The global glassware industry is positively impacted by a recent change in buying behaviour of consumers who are increasingly favouring premium homeware products. Moreover, the availability of trendy glassware products is favouring the overall industry growth. Increasing disposable income of consumers from developing nations such as China and India is resulting in strong demand for luxury and premium glassware products. The rapid increase in the hotel and catering industry around the globe is one of the significant factors which are propelling the growth of the glassware market. This trend is observed after the growing popularity of dinner out among the working class of the population segment. Market penetration of cafeterias and beverage bars is further fueling market growth. Recent scientific studies have confirmed the benefits of using glass utensils in terms of elimination of bacteria as these products do not have pores. This has resulted in elevated interest from health-conscious consumers into glassware. Aesthetic appeal of glass products is one of the parameters for consumers to consider buying them. The soda lime glass segment expected to grow at the fastest rate of 12.4% CAGR during the upcoming years.

Product:

GLASS BOWL

Raw Material:

1. Soda Lime Silica Glass (Soda Ash 33%, Silica Sand 66% and chemicals 1%) produced at around 1450 degree Celsius.
2. Lead Glass (Soft Glass) in which around 24% Lead (Pb) is mixed as a raw material. Most of the products are manufactured using Soda Lime Glass.

Manufacturing Process:

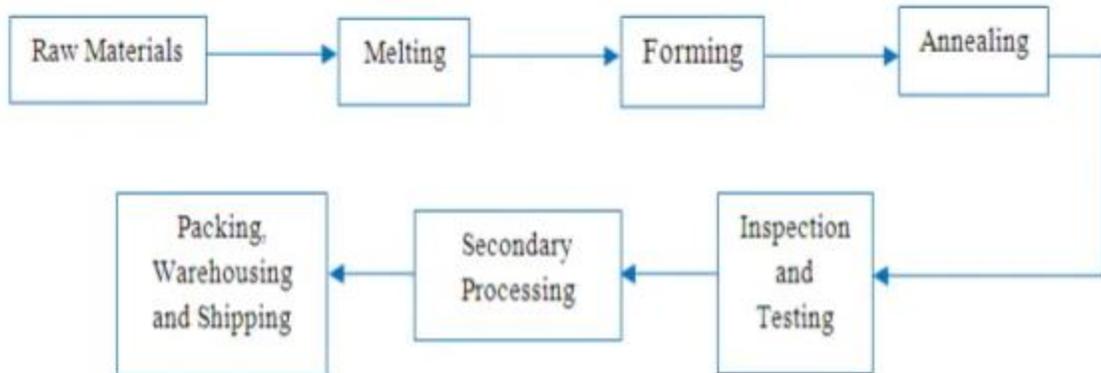


Fig. 1 – Process Flowchart

Area:

The total land required is around 1500-2000Sq.Ft.

Cost of Machines:

S No.	Machine	Unit	Price (INR)
1.	Tank Furnace	1	5,25,000/-
2.	Press and blow Machine	1	3,25,000/-
	Total		8,50,000/-

Power Requirement- - The estimated Power requirement is taken at 10 KWH.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-6
- Helper- 4
- Sales Personal and Accountant- 2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.31	3.48	5.23	7.22
Add: Additions	1.51	-	-	-	-
Add: Net Profit	2.20	3.58	4.84	6.49	7.55
Less: Drawings	1.40	2.40	3.10	4.50	5.40
Closing Balance	2.31	3.48	5.23	7.22	9.37
CC Limit	4.59	4.59	4.59	4.59	4.59
Term Loan	8.00	6.00	4.00	2.00	-
Sundry Creditors	1.26	1.46	1.66	1.90	2.15
TOTAL :	16.15	15.53	15.48	15.71	16.10
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	10.00	10.00	10.00	10.00	10.00
Gross Dep.	1.43	2.64	3.69	4.58	5.34
Net Fixed Assets	8.58	7.36	6.31	5.42	4.66
Current Assets					
Sundry Debtors	2.48	3.00	3.44	3.92	4.42
Stock in Hand	3.87	4.47	5.12	5.83	6.59
Cash and Bank	1.22	0.70	0.61	0.54	0.44
TOTAL :	16.15	15.53	15.48	15.71	16.10
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	49.68	60.02	68.76	78.32	88.47
Total (A)	49.68	60.02	68.76	78.32	88.47
B) COST OF SALES					
Raw Material Consumed	25.20	29.11	33.26	37.95	42.92
Electricity Expenses	1.12	1.23	1.34	1.45	1.57
Repair & Maintenance	1.24	1.50	1.72	1.96	2.21
Labour & Wages	12.85	14.39	16.55	18.54	20.95
Depreciation	1.43	1.22	1.04	0.89	0.76
Cost of Production	41.84	47.45	53.92	60.79	68.42
Add: Opening Stock /WIP	-	2.61	3.01	3.45	3.93
Less: Closing Stock /WIP	2.61	3.01	3.45	3.93	4.44
Cost of Sales (B)	39.22	47.05	53.48	60.31	67.91
C) GROSS PROFIT (A-B)	10.45	12.97	15.28	18.01	20.56
	21.04%	21.61%	22.22%	22.99%	23.24%
D) Bank Interest i) (Term Loan)	0.98	0.80	0.58	0.36	0.14
ii) Interest On Working Capital	0.50	0.50	0.50	0.50	0.50
E) Salary to Staff	4.79	5.99	6.94	7.91	8.71
F) Selling & Adm Expenses Exp.	1.99	2.10	2.41	2.74	2.83
TOTAL (D+E+F)	8.26	9.39	10.43	11.52	12.18
H) NET PROFIT	2.20	3.58	4.84	6.49	8.38
	4.4%	6.0%	7.0%	8.3%	9.5%
I) Taxation	-	-	-	-	0.83
J) PROFIT (After Tax)	2.20	3.58	4.84	6.49	7.55

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.51	-			
Reserve & Surplus	2.20	3.58	4.84	6.49	8.38
Depreciation & Exp. W/off	1.43	1.22	1.04	0.89	0.76
Increase In Cash Credit	4.59				
Increase In Term Loan	9.00	-	-	-	-
Increase in Creditors	1.26	0.20	0.21	0.23	0.25
TOTAL :	19.98	4.99	6.10	7.62	9.40
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	10.00	-	-	-	-
Increase in Stock	3.87	0.60	0.65	0.71	0.76
Increase in Debtors	2.48	0.52	0.44	0.48	0.51
Repayment of Term Loan	1.00	2.00	2.00	2.00	2.00
Taxation	-	-	-	-	0.83
Drawings	1.40	2.40	3.10	4.50	5.40
TOTAL :	18.76	5.51	6.18	7.69	9.50
Opening Cash & Bank Balance	-	1.22	0.70	0.61	0.54
Add : Surplus	1.22	- 0.52	- 0.09	- 0.07	- 0.10
Closing Cash & Bank Balance	1.22	0.70	0.61	0.54	0.44

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	2.61	3.01	3.45	3.93	4.44
<u>Raw Material</u>					
(15 Days requirement)	1.26	1.46	1.66	1.90	2.15
Closing Stock	3.87	4.47	5.12	5.83	6.59

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.87		
Less:			
Sundry Creditors	1.26		
Paid Stock	2.61	0.26	2.35
Sundry Debtors	2.48	0.25	2.24
Working Capital Requirement			4.59
Margin			0.51
MPBF			4.59
Working Capital Demand			4.59

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	9.00	9.00	0.25	-	9.00
	Iind Quarter	9.00	-	9.00	0.25	-	9.00
	IIIrd Quarter	9.00	-	9.00	0.25	0.50	8.50
	Ivth Quarter	8.50	-	8.50	0.23	0.50	8.00
					0.98	1.00	
II	Opening Balance						
	Ist Quarter	8.00	-	8.00	0.22	0.50	7.50
	Iind Quarter	7.50	-	7.50	0.21	0.50	7.00
	IIIrd Quarter	7.00	-	7.00	0.19	0.50	6.50
	Ivth Quarter	6.50	-	6.50	0.18	0.50	6.00
					0.80	2.00	
III	Opening Balance						
	Ist Quarter	6.00	-	6.00	0.17	0.50	5.50
	Iind Quarter	5.50	-	5.50	0.15	0.50	5.00
	IIIrd Quarter	5.00	-	5.00	0.14	0.50	4.50
	Ivth Quarter	4.50	-	4.50	0.12	0.50	4.00
					0.58	2.00	
IV	Opening Balance						
	Ist Quarter	4.00	-	4.00	0.11	0.50	3.50
	Iind Quarter	3.50	-	3.50	0.10	0.50	3.00
	IIIrd Quarter	3.00	-	3.00	0.08	0.50	2.50
	Ivth Quarter	2.50	-	2.50	0.07	0.50	2.00
					0.36	2.00	
V	Opening Balance						
	Ist Quarter	2.00	-	2.00	0.06	0.50	1.50
	Iind Quarter	1.50	-	1.50	0.04	0.50	1.00
	IIIrd Quarter	1.00	-	1.00	0.03	0.50	0.50
	Ivth Quarter	0.50	-	0.50	0.01	0.50	-
					0.14	2.00	

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
CASH ACCRUALS	3.62	4.80	5.89	7.38	8.31
Interest on Term Loan	0.98	0.80	0.58	0.36	0.14
Total	4.60	5.60	6.47	7.74	8.45
REPAYMENT					
Repayment of Term Loan	1.00	2.00	2.00	2.00	2.00
Interest on Term Loan	0.98	0.80	0.58	0.36	0.14
Total	1.98	2.80	2.58	2.36	2.14
DEBT SERVICE COVERAGE R.	2.33	2.00	2.51	3.28	3.95
AVERAGE D.S.C.R.			2.77		

Assumptions:

- 1.** Production Capacity of Glass Bowl is 140 Pieces per day. First year, Capacity has been taken @ 50%.
- 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 10 KW.
- 10.** Selling Prices & Raw material costing has been increased by 5% & 5% respectively in the subsequent years

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