



PROJECT REPORT

ON PLUSH (SOFT) TOYS



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INTRODUCTION

Toys are undeniably a part of every kid's life. History has shown that even ancient civilization had indulged in Toys of various makes. Today we have dolls of various kinds, toy cars, block games to soft toys.

And then there are Toys that appeal to both the kids and adults alike. And here we won't be talking of only remote controlled cars or games but soft Toys too... a source of joy to many.

The demand for soft toys is forever increasing despite the onslaught of computer and mobile games. New and innovative toys are always welcomed with open arms by its valued customers. Hence toy manufacturers are always innovating new toys or improvising the old ones.

With Funtoosh Toys we will be going one step ahead and providing innovative soft toys for kids and adults alike.

As a kid, one is often asked what he or she aspires to be when the person grows up and the off beat answer most often is - a doctor or a policeman, an army man or maybe a pilot or firefighter. Funtoosh Toys will create soft toys of these professional characters and a lot more that will be educative as well as motivational to these kid's so that they achieve their dreams and impact their future for the better.

For kids, toys also act as a companion and a friend that molds his vision and his growth - mentally, socially and physically. And that is one major reason for Funtoosh Toys.

The second reason for Funtoosh Toys is to cater to adults as well as corporates. Most professional adults love to decorate their workstations with soft toys and also enjoy gifting such soft toys to colleagues and friends. Hence there is a demand for soft toys from them too.

As for corporates, there are food chains like McDonald's that regularly provide free toys with the 'Happy Meal' order. And then there those companies who provide gifts to its staff and it's end consumers And Funtoosh Toys will cater to these companies as well. e.g. a bank providing a pen holder made of soft toy material to it's consumers.

MARKET POTENTIAL

There is an ever growing demand for soft toys both in India and abroad. With India providing quality products at a reasonable price, foreign countries find it feasible to procure products from India. But within the country there is a dearth of good soft toy manufacturers. Most soft toys sold on the streets are crudely made. Lack of new look toys also harm the soft toys business with common toys such as Mickey Mouse, Teddy Bears etc. the only available soft toys in an unorganized market.

The demand for innovative and new designed soft toys is forever growing with not much of a supply. Thus soft toys of professional lookalikes, historical figures, extinct or rare birds and animals etc. for kids, soft toy keychains, earrings, zodiac sign cushions, etc. for professionals and gift items for corporates will certainly find a ready market in the country and there is a huge POTENTIAL of its growth.

MANUFACTURING & QUALITY CONTROL

The manufacturing process involves:

1. Designing the patterns of each toy product.
2. Cutting fur fabrics as per the designs.
3. Stitching the various parts together.
4. Filling the stitched parts with polyester fibre or sponge.
5. Stitching the open end of the product.
6. QUALITY check.
7. Packaging.

While the manufacturing of soft toys is a simple process just like that of manufacturing pillows, the pattern making of the product and adhering to a strict QUALITY standard will be a challenge. Hence to supply QUALITY product to our consumers, there will be a thorough QUALITY check of the final product. Moreover, a standard weight will be maintained for each specific product on our list so that standard QUALITY, weight and size is maintained.

FINANCIAL ASPECTS

FIXED CAPITAL

Item	Unit	Amount (Rs.)
Workshop Rent		10,000
Current Account in Bank		10,000

MACHINERY & EQUIPMENT

Item	Unit	Rate	Amount (Rs.)
Bank Current Account Charges			10,000
Sewing Machine	3	20,000	60,000
Racks	4	5,000	20,000
Scissors, Tapes, Needles, etc'			5,000
Packing Machine	1	8,000	8,000
Weighing Machine	1	2,000	2,000
Fabric Cutting Machine	1	20,000	20,000
Furniture			10,000
TOTAL			135,000

WORKING CAPITAL (PER MONTH)

SALARY & WAGES

Item	Unit	Rate	Amount (Rs.)
Tailors	3	12,000	36,000
Workers	5	8,000	40,000
Manager	1	15,000	15,000
Salesmen	2	12,000	24,000
Designer	1	15,000	15,000
Pattern Cutter	1	12,000	24,000
TOTAL			154,000

RAW MATERIAL

ITEM	AMOUNT (Rs.)
Fur Fabric - 1400 meters (Assorted)	154,000
Design Print Nylex -'160 meters	8,000
Poly Fiber Stuffing - 1000 kgs	140,000
Accessories - Eyes, Ribbons, Thread, etc.	10,000
Packaging	30,000

TOTAL	342,000
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OTHER EXPENCES

ITEM	AMOUNT (Rs.)
Online Advertising	15,000
Transportation	30,000
Miscellaneous Expense	15,000

TOTAL	60,000
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TOTAL WORKING CAPITAL (Per Month)

ITEM	AMOUNT (Rs.)
Rent	10,000
Utility (Electricity, Water, etc)	5,000
Salary and Wages	154,000
Raw Material	342,000
Other Expenses	60,000
TOTAL	571,000

PROJECT COST / CAPITAL INVESTMENT

FIXED CAPITAL (ONE TIME)	135,000
WORKING CAPITAL (3 MONTHS)	17,13,000
TOTAL	18,48,000

COST OF PRODUCTION PER ANNUM

Total recurring expenditure per annum

Rent	120,000
Raw materials	41,04,000
Wages and Salaries	18,48,000
Utilities and Other Expenses	780,000
Depreciation of machinery @15%	20,250
Interest on bank loan @18%	332640
TOTAL	72,04,890

TURNOVER

Soft Toys - 7,500 units Per Month

Cost Per Unit = Working Capital / Total Unit Per Month

= 571,000 - 7,500

= 76.13

Selling Price Per Unit = Rs.100

Turn Over Per Month = Rs.750,000

Turnover Per Annum = Rs.90,00,000

PROFITABILITY PER ANNUM (Before Tax)

= Annual Turnover - Cost of Production Per Annum

= Rs.90,00,000 – Rs. 72,04,890

= Rs.17,95,110

NET PROFIT RATIO

$$\frac{\text{NET Profit X 100}}{\text{Turnover / Annum}} = \frac{\text{Rs. 17,95,110 X 100}}{\text{Rs. 90,00,000}} = 19.94\%$$

RATE OF RETURN ON INVESTMENT

$$\frac{\text{Annual Profit X 100}}{\text{Total Capital Investment}} = \frac{\text{Rs. 17,95,110 X 100}}{\text{Rs. 18,48,000}} = 97.13\%$$

BREAK EVEN POINT/ANALYSIS:

Fixed Cost (Per Annum):

Rent	1,20,000
Depreciation @15% p.a.	20,250
Interest on Capital Investment @18% p.a.	3,32,640
40% of Wages of Staff & Labour	7,39,200
40% of other contingent expenses (Rent, Advertising, Utility, etc.)	3,60,000
Total Fixed Cost	15,72,090

Break Even Point:

$$\frac{\text{Fixed Cost X 100}}{\text{Fixed Cost + Annual Profit}} = \frac{\text{Rs.15,72,090 X 100}}{\text{Rs.15,72,090 + Rs. 17,95,110}} = 46.68\%$$