

PROJECT REPORT

Of

BAMBOO CHAIR MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Bamboo Chair 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 : **BAMBOO CHAIR**
- 6 Name of the project / business activity proposed : **BAMBOO FURNITURE MANUFACTURING UNIT**
- 7 Cost of Project : Rs.14.22 Lakhs
- 8 Means of Finance
- | | |
|-----------------|---------------|
| Term Loan | Rs.9.45 Lakhs |
| Own Capital | Rs.1.42 Lakhs |
| Working Capital | Rs.3.34 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 : 41%
- 13 Employment : 11 Persons
- 14 Power Requirement : 12.00 HP
- 15 Major Raw materials : Bamboo, Adhesives and Nails
- 16 Estimated Annual Sales Turnover (Max Capacity) : 80.03 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Civil Work	6.00
Plant & Machinery	3.50
Furniture & Fixtures	1.00
Working Capital	3.72
Total	14.22

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.42
Working Capital(Finance)	3.34
Term Loan	9.45
Total	14.22

BAMBOO CHAIR MANUFACTURING UNIT

Introduction:

Bamboo is a rapid growing grass with an impressive variability. The chemical composition and mechanical properties of the bamboo culm allow a broad use such as construction material. Bamboo is an excellent source for furniture production too. Bamboo has some positive features like mechanical strength, easy processability and availability in many tropical and subtropical areas which confer it attributes to become a renewable material as substitute of wood. Many wood processing companies have recently come to prefer bamboos for sustainable building material and furniture design with the growing trends in environment awareness. Bamboo furniture has been called as a green or eco-friendly material for furniture since the natural resources are being depleted. It can be used both in building structure, interior design and furniture structures to make long-lasting and competitive products due of its many advantages.



Uses & Market Potential:

Cane and bamboo products are very strong, durable and eco-friendly. It is strong because bamboo is used in the body structure while the cane is used in binding as well as weaving the seating part of the furniture. Bamboo is been exquisitely used all over in Indian Craft and Culture. From variety of baskets to furniture the Bamboo craft is grown immensely. Places like Assam, Arunachal Pradesh, Nagaland, Manipur, Meghalaya, Mizoram, Tripura in Northeast India is very famous for Bamboo crafts. The tribal people, for the

basic needs like knife, shelter, furniture, food, containers and many more purposes used bamboo most of the time. Likewise, in southern India Bamboo craft is trendily emerging for its durable quality, lightweight and for its leisurely handling. Bamboo's main production is basketry; various kinds of baskets are made irrespective of size, shape and design. Other than baskets trays, mats, folding fans, screens, toys, glue, ladder, furniture, wind musical instruments and many more are made out of bamboo. Coiled basketry; Plaiting basketry; Twining basketry and Wicker and Splint basketry are different forms of basket weaving of human civilization. Baskets are used for numerous purposes like in storage; in transportation of harvests; in processing the seeds and grains; in laundry; in catering; fish traps; in commercial business of vegetables, fruits, flowers and many more. In ritual occasions also the bamboo basket is used to carry the offerings for the god. The rich quality products include sofas, chairs, racks, tables and swing chairs. The cane weaved sofa set and chairs are remarkable among all the products. The attractive intricate design patterns are admirable for their uniqueness. The motifs are created innovatively. Surahi – matka shape design that the artisans make for the back of the chair is one of the popular motifs available in the market.

Product:

BAMBOO CHAIR

Raw Material:

1. Bamboo
2. Chadi
3. Mota Cane
4. Patri
5. Gola
6. Adhesives
7. Nails

Manufacturing Process:

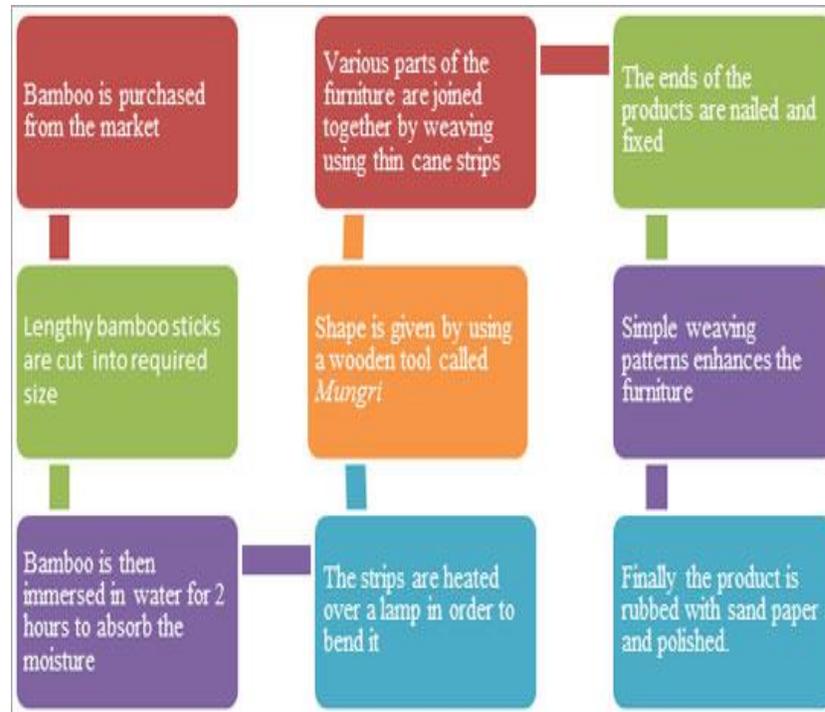


Fig. 1 – Process Flowchart

Area:

The industrial setup requires space for manufacturing unit. 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 small-scale factory setup is 1200-1600Sq. ft. approximately.

Cost of Machines:

S No.	Machine	Unit	Price (INR)
1.	Band Saw	1	2,85,500/-
2.	Drill Machine	1	44,000/-
3.	Chip Carving Knife	10	1,000/-
4.	Carpenter Chisels	10	2,000/-
5.	U- gouges	10	1,500/-
6.	V- gouges	10	1,500/-

7.	Spoon gouges	10	2,500/-
8.	Palm Tools	10	3,000/-
9.	Carpentary Saw	1	9,500/-
	Total		3,50,000/-

Power Requirement- - The estimated Power requirement is taken at 12 HP.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-3
- Helper- 4
- Machine Operator - 2
- 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	-	2.43	3.72	5.16	6.94
Add: Additions	1.42	-	-	-	-
Add: Net Profit	2.21	3.49	4.64	5.77	7.23
Less: Drawings	1.20	2.20	3.20	4.00	5.00
Closing Balance	2.43	3.72	5.16	6.94	9.17
CC Limit	3.34	3.34	3.34	3.34	3.34
Term Loan	8.40	6.30	4.20	2.10	-
Sundry Creditors	1.35	1.52	1.69	1.87	2.06
TOTAL :	15.52	14.88	14.40	14.25	14.57
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	10.50	10.50	10.50	10.50	10.50
Gross Dep.	1.23	2.30	3.25	4.08	4.81
Net Fixed Assets	9.28	8.20	7.25	6.42	5.69
Current Assets					
Sundry Debtors	2.47	2.88	3.23	3.60	4.00
Stock in Hand	2.60	2.94	3.29	3.65	4.05
Cash and Bank	1.18	0.87	0.63	0.58	0.83
TOTAL :	15.52	14.88	14.40	14.25	14.57
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	49.30	57.58	64.62	71.97	80.03
Total (A)	49.30	57.58	64.62	71.97	80.03
<u>B) COST OF SALES</u>					
Raw Material Consumed	27.00	30.36	33.84	37.44	41.16
Electricity Expenses	1.34	1.48	1.61	1.75	1.88
Repair & Maintenance	0.74	0.86	0.97	1.08	1.20
Labour & Wages	10.58	11.64	12.81	14.09	15.50
Depreciation	1.23	1.08	0.95	0.83	0.73
Cost of Production	40.89	45.42	50.17	55.19	60.47
Add: Opening Stock /WIP	-	1.70	1.93	2.16	2.41
Less: Closing Stock /WIP	1.70	1.93	2.16	2.41	2.67
Cost of Sales (B)	39.19	45.19	49.94	54.94	60.20
C) GROSS PROFIT (A-B)	10.11	12.38	14.68	17.02	19.83
	20.50%	21.50%	22.72%	23.66%	24.78%
D) Bank Interest i) (Term Loan)	1.03	0.84	0.61	0.38	0.14
ii) Interest On Working Capital	0.37	0.37	0.37	0.37	0.37
E) Salary to Staff	4.54	5.67	6.80	7.62	8.53
F) Selling & Adm Expenses Exp.	1.97	2.02	2.26	2.52	2.80
G) TOTAL (D+E+F)	7.90	8.89	10.04	10.88	11.85
H) NET PROFIT	2.21	3.49	4.64	6.14	7.98
	4.5%	6.1%	7.2%	8.5%	10.0%
I) Taxation	-	-	-	0.37	0.75
J) PROFIT (After Tax)	2.21	3.49	4.64	5.77	7.23

<u>PROJECTED CASH FLOW STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.42	-			
Reserve & Surplus	2.21	3.49	4.64	6.14	7.98
Depriciation & Exp. W/off	1.23	1.08	0.95	0.83	0.73
Increase In Cash Credit	3.34				
Increase In Term Loan	9.45	-	-	-	-
Increase in Creditors	1.35	0.17	0.17	0.18	0.19
TOTAL :	19.00	4.73	5.76	7.16	8.90
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	10.50	-	-	-	-
Increase in Stock	2.60	0.34	0.35	0.36	0.39
Increase in Debtors	2.47	0.41	0.35	0.37	0.40
Repayment of Term Loan	1.05	2.10	2.10	2.10	2.10
Taxation	-	-	-	0.37	0.75
Drawings	1.20	2.20	3.20	4.00	5.00
TOTAL :	17.82	5.05	6.00	7.20	8.65
Opening Cash & Bank Balance	-	1.18	0.87	0.63	0.58
Add : Surplus	1.18	- 0.32	- 0.24	- 0.04	0.25
Closing Cash & Bank Balance	1.18	0.87	0.63	0.58	0.83

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.70	1.93	2.16	2.41	2.67
<u>Raw Material</u>					
(10 Days requirement)	0.90	1.01	1.13	1.25	1.37
Closing Stock	2.60	2.94	3.29	3.65	4.05

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.60		
Less:			
Sundry Creditors	1.35		
Paid Stock	1.25	0.13	1.13
Sundry Debtors	2.47	0.25	2.22
Working Capital Requirement			3.34
Margin			0.37
MPBF			3.34
Working Capital Demand			3.34

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	9.45	9.45	0.26	-	9.45
	Iind Quarter	9.45	-	9.45	0.26	-	9.45
	IIIrd Quarter	9.45	-	9.45	0.26	0.53	8.93
	Ivth Quarter	8.93	-	8.93	0.25	0.53	8.40
					1.03	1.05	
II	Opening Balance						
	Ist Quarter	8.40	-	8.40	0.23	0.53	7.88
	Iind Quarter	7.88	-	7.88	0.22	0.53	7.35
	IIIrd Quarter	7.35	-	7.35	0.20	0.53	6.83
	Ivth Quarter	6.83		6.83	0.19	0.53	6.30
					0.84	2.10	
III	Opening Balance						
	Ist Quarter	6.30	-	6.30	0.17	0.53	5.78
	Iind Quarter	5.78	-	5.78	0.16	0.53	5.25
	IIIrd Quarter	5.25	-	5.25	0.14	0.53	4.73
	Ivth Quarter	4.73		4.73	0.13	0.53	4.20
					0.61	2.10	
IV	Opening Balance						
	Ist Quarter	4.20	-	4.20	0.12	0.53	3.68
	Iind Quarter	3.68	-	3.68	0.10	0.53	3.15
	IIIrd Quarter	3.15	-	3.15	0.09	0.53	2.63
	Ivth Quarter	2.63		2.63	0.07	0.53	2.10
					0.38	2.10	
V	Opening Balance						
	Ist Quarter	2.10	-	2.10	0.06	0.53	1.58
	Iind Quarter	1.58	-	1.58	0.04	0.53	1.05
	IIIrd Quarter	1.05	-	1.05	0.03	0.53	0.52
	Ivth Quarter	0.52		0.52	0.01	0.53	- 0.00
					0.14	2.10	

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	3.43	4.57	5.59	6.61	7.96
Interest on Term Loan	1.03	0.84	0.61	0.38	0.14
Total	4.46	5.40	6.19	6.98	8.11
REPAYMENT					
Repayment of Term Loan	1.05	2.10	2.10	2.10	2.10
Interest on Term Loan	1.03	0.84	0.61	0.38	0.14
Total	2.08	2.94	2.71	2.48	2.24
DEBT SERVICE COVERAGE R	2.15	1.84	2.29	2.82	3.61
AVERAGE D.S.C.R.			2.50		

Assumptions:

- 1.** Production Capacity of Bamboo Chair is 200 pcs 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 10 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 12 HP.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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