PROJECT REPORT

Of

FLUTE MAKING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Flute Making 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 Entreprenuer		xxxxxxxxxx
2	Constitution (legal Status)		xxxxxxxxxx
3	Father / Spouse Name		xxxxxxxxxxxx
4	Unit Address		xxxxxxxxxxxxxxxxxxxxxxx
			District : xxxxxxx
			Pin: xxxxxxx State: xxxxxxxxxx
			Mobile xxxxxxx
5	Product and By Product	:	**FLUTE**
6	Name of the project / business activity proposed :		**FLUTE MAKING UNIT**
7	Cost of Project	:	Rs.9.33 Lakhs
8	Means of Finance		
	Term Loan		Rs.5.4 Lakhs
	Own Capital		Rs.0.93 Lakhs
	Working Capital		Rs.3 Lakhs
9	Debt Service Coverage Ratio	:	2.97
10	Pay Back Period	:	5 Years
11	Project Implementation Period	:	5-6 Months
12	Break Even Point	:	53%
13	Employment	:	9 Persons
14	Power Requirement	:	4.00 HP
15	Major Raw materials	:	Bamboo Stick, Pencil, Rod, Sand Paper
16	Estimated Annual Sales Turnover (Max Capacity)	:	80.23 Lakhs
17	Detailed Cost of Project & Means of Finance		

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 1000 Sq ft	5.00
Furniture & Fixtures	1.00
Working Capital	3.33
Total	**9.33**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	0.93
Working Capital(Finance)	3.00
Term Loan	5.40
Total	**9.33**

FLUTE MAKING UNIT

2. Introduction:

The word bansuri begins in the Sanskrit boycotts [bamboo] + sur [melody]. An old instrument it very well may be found in Buddhist artistic creations as old as around 100 CE. Folklore relates the Bansuri as Lord Krishna's heavenly instrument and is frequently connected with Krishna's Rasa Lila. The crude material used to make Flute (otherwise called Bansuri) comes from Pilamat. Woodwind is a breeze instrument produced using a cylinder with openings that are covered by the fingers

or then again keys, held vertically or evenly so the player's breath strikes a tight edge. The cutting edge symphonic structure is a cross over woodwind, commonly made of metal, with a detailed arrangement of keys. After centered examination and preparing one can play the flute with flawlessness. The region is popular for its woodwinds broadly just as universally. Pilibhit is the lone locale in the nation known for creation of Bansuri. Pilibhit is acclaimed for hand tailored best-quality bamboo woodwinds, for example, common straight-blow woodwinds and side-blown or cross over woodwinds that are basically made by Muslim craftsmans. Bamboo woodwind is the least difficult of instruments. Its amazing relationship with Lord Krishna makes it a well known Indian instrument. In Hindi, bamboo woodwind is known as bansuri which is comprised of two words; baans meaning bamboo and suri that implies a melodic note. The Indian woodwind is resonant and a wide scope of notes are conceivable by adjusting the air section in the bamboo. In Pilbhit area of Uttar Pradesh, the local area of experts produces bamboo woodwinds. It is an inherited family venture. The bamboo is sourced from Silchar in Assam. The scope of items incorporates enormous estimated woodwinds for proficient craftsman to little toy woodwinds. The expert woodwinds are made with prepared bamboo which is painstakingly chosen and put away. The extraordinary artists source their instruments from here. The huge populace of specialists produces modest little woodwinds sold across India.

3. Market Potential:

Pilibhit and Bareilly has been a conventional assembling community for stick woodwinds. Incredible performers of the Indian old style custom source their instruments from here. As per a traditionalist gauge, Pilibhit represents 90% of the flutes fabricated in India. The instrument is sought after abroad, including the US and European nations. Pilibhit is the

north-easternmost region of Bareilly division, arranged in the Rohilkhand locale of the sub-Himalayan Plateau belt close to lower regions of Sivalik Range on the limit of Nepal, known for the beginning of stream Gomati and quite possibly the most woods rich regions in North India. Pilibhit was otherwise called Bansuri Nagari - the place where there is flutes, for making and trading around 95 percent of India's flutes. These instruments used to be sought after abroad; including the US and European nations yet the inundation of modest imported flutes has guaranteed a moderate demise of this industry. As the office free slows down have additionally been removed by the focal government since recent years, helpless woodwind creators can't show at public and worldwide fairs. Pilibhit has gained notoriety for making handcrafted best-quality bamboo flutes. The exchange connects generally Muslim skilled workers for making an assortment of flutes like normal straight-blow flutes, side-blown and cross over flutes.

4. Product Description:

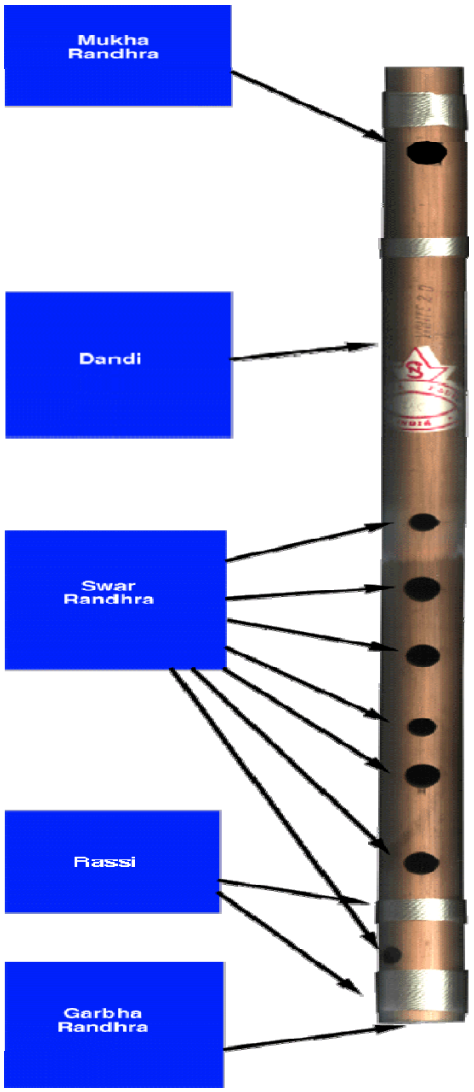
4.1. Product Uses: A bamboo flutes is astounding in its straightforwardness. Made out of a solitary long piece of bamboo or reed with openings slice in to it. Bamboos are generally huge, enduring, woody, evergreen grasses. The Indian flutes is pleasant and a wide scope of notes are accomplished from straightforward adjustment of the air section in the bamboo.

4.2. Raw Material: The tools and raw materials used in making flutes are:

- Bamboo stick
- Pencil
- Rod
- Sand paper

Average raw material cost of Flute per pc will be Rs. 60-70 (Approx.)

4.3. Manufacturing Process: Only a couple of expert skilled workers know the firmly monitored mystery of ordering the melodic notes unequivocally, which is finished by penetrating the bamboo to make openings for arrangement of fingers. Openings are made by igniting with scorching metal pokers and all markings are finished with uncommon scales and devices. The expert flutes are produced using prepared bamboo which are deliberately chosen and put away before change. The bigger extent of experts gets ready reasonable toy flutes sold the whole way across India, at different fairs. The ease flutes are made in extremely enormous volumes.



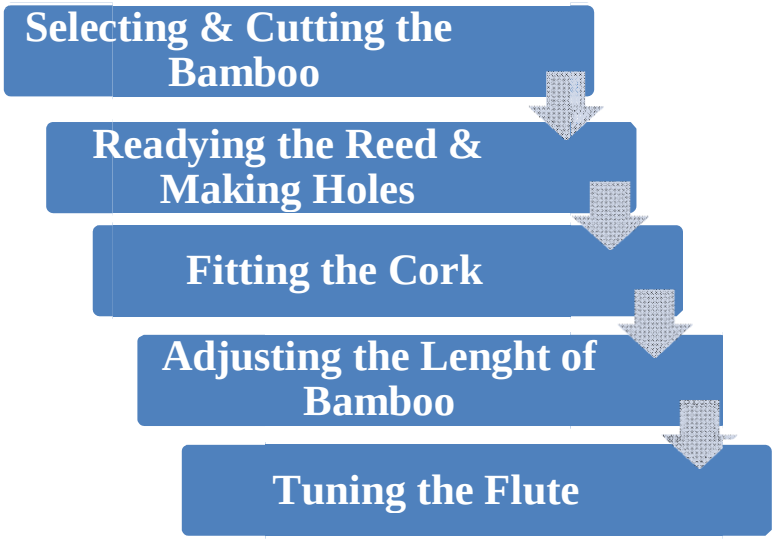
There are two varieties of bansuri: transverse, and fipple. The fipple flute is typically played in people music and is held at the lips like a whistle. Since it empowers unrivaled control, varieties and embellishments, the cross over assortment is liked in Indian old style music. Generally flutes accompanied six openings, anyway seventh opening is being added to improve adaptability. Bansuri or woodwind comes in numerous sizes and reach between 10 creeps to very nearly 1 meter. More modest the flute higher the pitch of sound and as the length expands the sound gets further and more extravagant.

The hollow, thin-walled bamboos reed undergoes the following steps to transform as a flute or Bansuri:

- Selecting the Bamboo: The inner distance across of the bamboo is estimated with a Vernier Caliper. It's both the length and distance across which at last chooses the nature of sound. More extensive the width and longer the length, bring down the pitch of the sound.
- Cutting the Bamboo: The sort of flute and the pitch required chooses the length. The bamboo is then estimated with an estimating tape and slice to measure.
- Readying the reed: within the bamboo is completely cleaned and the bunches are eliminated by embeddings a bar of a lesser breadth through it. At that point external body and the inward territories of bamboo are smoothened with sand paper.
- Making Holes: A straight line is set apart on the bamboo with a pencil. Normally 7 openings are set apart with a pencil. The openings are then singed into the bamboo utilizing hot metal bars of different measurements.
- Fitting The Cork: A stopper of reasonable thickness is fit inside the bamboo with the assistance of a pole. The plug is put simply over the blowing opening to keep air from getting away.
- Adjusting the length of Bamboo: To acquire the correct pitch the length of the bamboo is straightened out by cutting additional reed. Temperature assumes a crucial part in the pitch of a woodwind. The remainder of the openings are made dependent on this length of the bamboo which decides the proportion that characterizes the situation of each opening.
- Tuning The Flute: Although it is true that a flute is not tuned, but it may require a fine sense of pitch and precision. For example if a

particular note sounds lower for instance, that particular hole is widened with a file until it sounds correct. However, it is almost impossible to lower a note if it is higher as the hole cannot be narrowed. One may try to fit a patch in such cases.

Finally the flute is then washed to remove dust, saw dust and unwanted particles. The washed and cleaned flute is then stored overnight in a cylindrical container having almond oil and antiseptic ginger oil.



5. Project Components:

5.1. Land: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and shaping and polishing area. Also some of the area of building is required for office staff facilities, office furniture, etc. which would require 1000 -1200sqft.

5.2. Civil Work:

- Workshop Area: This area includes the machinery setup and

foundation space for all equipments, work floor area, and necessary tooling, shaping & polishing. Total workshop area is approx. 500sqft.

- Inventory Area: This region incorporates the extra room for all the crude materials, tooling and bite the dust extra room and completed merchandise. Complete stock territory is approx. 200Sqft.
- Office Area: This space incorporates staff working district. Complete workshop region is approx. 300Sq. This may be considered above the ground floor.

  Land and building requirement may vary depending on the size of project. Civil work cost will be Rs 5 Lac (Approx.).

5.3. Stores & Spares:

- Craft Knife- A craft knife is most commonly used for art and craft projects. It is ideal for cutting out intricate and detailed shapes due to its sharp, thin blade.
- Chisels- A chisel is a tool with a characteristically shaped cutting edge.
- Power Drill- A power drill is an electrical motor that rotates a replaceable drill bit to make a hole in wood, plastic, or metal. Alternately, a screwdriver tip can be installed to turn screws.

  Average cost of Store & spares including hand tools will be Rs. 30000-32000 (Approx.)

5.4. Miscellaneous Assets:

- Water Supply Arrangements
- Furniture

5.5. Power Requirement: Since it's a labor intensive work, very minimal electricity is required. The total electricity of about 4 Hp is required.

5.6. Man Power Requirement: Following manpower is required:

- Skilled/Unskilled Worker-3
- Helper-4
- 2 Skilled worker including 1 Sales Personal & 1 Accountant.

6.

FINANCIAL ASPECTS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	1.95	3.37	5.04	6.78
Add: Additions	0.93	-	-	-	-
Add: Net Profit	1.02	2.21	3.27	4.74	5.66
Less: Drawings	-	0.80	1.60	3.00	4.00
Closing Balance	1.95	3.37	5.04	6.78	8.45
CC Limit	3.00	3.00	3.00	3.00	3.00
Term Loan	4.80	3.60	2.40	1.20	-
Sundry Creditors	1.35	1.54	1.73	1.94	2.16
TOTAL :	**11.10**	**11.50**	**12.17**	**12.92**	**13.61**
APPLICATION OF FUND					
Fixed Assets (Gross)	6.00	6.00	6.00	6.00	6.00
Gross Dep.	0.60	1.14	1.63	2.06	2.46
Net Fixed Assets	5.40	4.86	4.37	3.94	3.54
Current Assets					
Sundry Debtors	2.39	2.82	3.19	3.59	4.01
Stock in Hand	2.55	2.91	3.29	3.69	4.12
Cash and Bank	0.76	0.91	1.31	1.70	1.93
TOTAL :	**11.10**	**11.50**	**12.17**	**12.92**	**13.61**
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	47.85	56.41	63.90	71.84	80.23
Total (A)	**47.85**	**56.41**	**63.90**	**71.84**	**80.23**
B) COST OF SALES					
Raw Material Consumed	27.00	30.71	34.65	38.81	43.20
Elecricity Expenses	0.54	0.58	0.63	0.67	0.72
Stores & Spares	0.30	0.33	0.36	0.40	0.44
Labour & Wages	14.87	16.35	17.99	19.79	21.37
Depreciation	0.60	0.54	0.49	0.44	0.39
Cost of Production	43.31	48.52	54.12	60.11	66.12
Add: Opening Stock /WIP	-	1.65	1.89	2.14	2.40
Less: Closing Stock /WIP	1.65	1.89	2.14	2.40	2.68
Cost of Sales (B)	41.66	48.28	53.87	59.84	65.84
C) GROSS PROFIT (A-B)	6.19	8.12	10.03	12.00	14.39
	12.95%	**14.40%**	**15.70%**	**16.70%**	**17.94%**
D) Bank Interest i) (Term Loan)	0.59	0.48	0.35	0.21	0.08
ii) Interest On Working Capital	0.33	0.33	0.33	0.33	0.33
E) Salary to Staff	3.78	4.54	5.44	5.99	6.89
F) Selling & Adm Expenses Exp.	0.48	0.56	0.64	0.72	0.80
TOTAL (D+E+F)	**5.17**	**5.91**	**6.76**	**7.25**	**8.10**
H) NET PROFIT	1.02	2.21	3.27	4.74	6.29
	2.1%	**3.9%**	**5.1%**	**6.6%**	**7.8%**
I) Taxation	-	-	-	-	0.63
J) PROFIT (After Tax)	1.02	2.21	3.27	4.74	5.66

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	0.93	-			
Reserve & Surplus	1.02	2.21	3.27	4.74	6.29
Depriciation & Exp. W/off	0.60	0.54	0.49	0.44	0.39
Increase In Cash Credit	3.00				
Increase In Term Loan	5.40	-	-	-	-
Increase in Creditors	1.35	0.19	0.20	0.21	0.22
TOTAL :	**12.30**	**2.94**	**3.96**	**5.39**	**6.90**
APPLICATION OF FUND					
Increase in Fixed Assets	6.00	-	-	-	-
Increase in Stock	2.55	0.36	0.38	0.40	0.43
Increase in Debtors	2.39	0.43	0.37	0.40	0.42
Repayment of Term Loan	0.60	1.20	1.20	1.20	1.20
Taxation	-	-	-	-	0.63
Drawings	-	0.80	1.60	3.00	4.00
TOTAL :	**11.54**	**2.79**	**3.56**	**5.00**	**6.67**
Opening Cash & Bank Balance	-	0.76	0.91	1.31	1.70
Add : Surplus	0.76	0.15	0.40	0.39	0.23
Closing Cash & Bank Balance	**0.76**	**0.91**	**1.31**	**1.70**	**1.93**

REPAYMENT SCHEDULE OF TERM LOAN 11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Cl Balance
I	Opening Balance						
	Ist Quarter	-	5.40	5.40	0.15	-	5.40
	Iind Quarter	5.40	-	5.40	0.15	-	5.40
	IIIrd Quarter	5.40	-	5.40	0.15	0.30	5.10
	Ivth Quarter	5.10	-	5.10	0.14	0.30	4.80
					0.59	0.60	
II	Opening Balance						
	Ist Quarter	4.80	-	4.80	0.13	0.30	4.50
	Iind Quarter	4.50	-	4.50	0.12	0.30	4.20
	IIIrd Quarter	4.20	-	4.20	0.12	0.30	3.90
	Ivth Quarter	3.90		3.90	0.11	0.30	3.60
					0.48	1.20	
III	Opening Balance						
	Ist Quarter	3.60	-	3.60	0.10	0.30	3.30
	Iind Quarter	3.30	-	3.30	0.09	0.30	3.00
	IIIrd Quarter	3.00	-	3.00	0.08	0.30	2.70
	Ivth Quarter	2.70		2.70	0.07	0.30	2.40
					0.35	1.20	
IV	Opening Balance						
	Ist Quarter	2.40	-	2.40	0.07	0.30	2.10
	Iind Quarter	2.10	-	2.10	0.06	0.30	1.80
	IIIrd Quarter	1.80	-	1.80	0.05	0.30	1.50
	Ivth Quarter	1.50		1.50	0.04	0.30	1.20
					0.21	1.20	
V	Opening Balance						
	Ist Quarter	1.20	-	1.20	0.03	0.30	0.90
	Iind Quarter	0.90	-	0.90	0.02	0.30	0.60
	IIIrd Quarter	0.60	-	0.60	0.02	0.30	0.30
	Ivth Quarter	0.30		0.30	0.01	0.30	0.00
					0.08	1.20	

Door to Door Period	60	Months
Moratorium Period	6	Months
Repayment Period	54	Months

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	1.65	1.89	2.14	2.40	2.68
Raw Material					
(10 Days requirement)	0.90	1.02	1.16	1.29	1.44
Closing Stock	**2.55**	**2.91**	**3.29**	**3.69**	**4.12**

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.55		
Less:			
Sundry Creditors	1.35		
Paid Stock	**1.20**	**0.12**	**1.08**
Sundry Debtors	2.39	0.24	2.15
Working Capital Requirement			**3.23**
Margin			0.36
MPBF			**3.23**
Working Capital Demand			**3.00**

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	1.62	2.75	3.76	5.18	6.06
Interest on Term Loan	0.59	0.48	0.35	0.21	0.08
Total	2.21	3.23	4.11	5.40	6.14
REPAYMENT					
Repayment of Term Loan	0.60	1.20	1.20	1.20	1.20
Interest on Term Loan	0.59	0.48	0.35	0.21	0.08
Total	1.19	1.68	1.55	1.41	1.28
DEBT SERVICE COVERAGE RATIO	**1.86**	**1.92**	**2.65**	**3.82**	**4.79**
AVERAGE D.S.C.R.			**2.97**		

Assumptions:

1. Production Capacity of a Flute Making unit is taken at 250 Pieces per day. First year, Capacity has been taken @ 60%.

2. Working shift of 10 hours per day has been considered.

3. Raw Material stock and Finished goods closing stock has been taken for 1 0 -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 4 HP.

10. Selling Prices & Raw material costing has been increased by 3% & 3% respectively in the subsequent years.

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