

PROJECT REPORT

Of

SURGICAL BANDAGE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Surgical Bandage**

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 : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouce's Name : XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block: _____
- District : XXXXX
- Pin: XXXXX State: XXXXX
- E-Mail : XXXXX
- Mobile XXXXX
- 5 Product and By Product : Surgical Bandages
- 6 Name of the project / business activity proposed : Manufaturing Unit of Surgical Bandages
- 7 Cost of Project :
- 8 Means of Finance
- | | | |
|-------------------|---|----------------------------|
| Term Loan | - | Rs.10.35 Lacs |
| KVIC Margin Money | - | As per Project Eligibility |
| Own Capital | | Rs.1.44 Lacs |
| Working Capital | | Rs.2.63 Lacs |
- 9 Debt Service Coverage Ratio : 2.23
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 41%
- 13 Employment : 10 Persons
- 14 Power Requirement : 30 Kw
- 15 Major Raw materials : Polypropylene Roll & Natural Rubber
- 16 Estimated Annual Sales Turnover : 25.65 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work	5.00
Plant & Machinery	5.50
Furniture & Fixtures	0.50
Pre-operative Expenses	0.50
Working Capital Requirement	2.92
Total	14.42

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	1.44
Term Loan	10.35
Workign Capital Finance	2.63
Total	14.42

	General	Special
KVIC Margin Monery Urban	15%	25%
KVIC Margin Monery Rural	25%	35%

INTRODUCTION



Surgical Bandage is the products manufactured from white bleached cotton gauge cloth of suitable quality. Bandages are used extensively in health care institutions. The uses of bandages range from simple dressing of superficial wounds to holding together fractured bones or body parts for rehabilitation and recovery. Surgical bandage making project can be initiated as small scale with moderate capital investment. The demand of Surgical Bandage is found all throughout the year. Surgical bandage are the products manufactured from white bleached cotton gauge cloth of suitable quality. Surgical bandage come in roll form in length of 3 to 4 meter

With the establishment of large number of primary hospitals and rural health centers, the demand for surgical bandages has increased considerably. This item is regulated under the drugs Control Act and a manufacturing license under the provision of the act, will have to be obtained. There is good scope for new investment. New entrepreneur may venture in to this field keeping in mind to face the marketing competition.

MANUFACTURING PROCESS

➤ **RAW MATERIAL**

The main raw material required is bleached cotton gauge cloth of suitable quality,. The width of cloth ranges from 2.5 to 15 cm and length from 3 to 4 metre. The annual requirement is estimated at 6 lakh metre for 100 per cent capacity utilization (assuming a loss of 10 per cent due to cutting and rejection). The consumables required are brown paper for packing as per the capacity. The brown paper would be available from local market.

➤ **PROCESS**

The process of manufacturing surgical bandages passes through the following stages: -

- ❖ Purchasing or weaving the bandage cloth
- ❖ Clearing and removing of organic impurities
- ❖ Washing and bleaching
- ❖ Drying and calendaring
- ❖ Rolling and cutting and
- ❖ Packing.

The main raw material for surgical bandage making is bleached cotton gauge cloth of suitable quality,. The width of cloth ranges from 2.5 to 15 cm and length from 3 to 4 meter. The cloth which is used to make Surgical Bandage is to be sourced from local market. At first you have to make the cloth germ-free with some process. Now roll up the cloth. In the indicated place of the machine. You have to cut the cloth in indicated size you want with Cutting Machine.



INDUSTRY OUTLOOK/MARKETING

The segment of absorbent and packing gauze surgical dressings is expected to grow worldwide owing to factors such as increasing incidences of road accidents and sports related injuries. Globally raising aging population and the growing prevalence of chronic diseases. In addition, the swift healing times brought about by the usage of wound dressings make them useful during emergency care. The rising incidence of wound infections raises the sale of wound dressings, thus having a positive impact on the market.

The demand for surgical cotton is rapidly increasing in India as more people are getting access to basic health care and the number of people who can afford more complex medical facilities, like surgeries, transplants, etc. has increased in the country. Besides the Indian market, there is enormous export potential for surgical cotton in countries such as the US, EU and Japan, There is also a rise in demand for Indian surgical cotton in Middle East and African region.

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	1.44	1.44	1.44	1.44	1.44
Retained Profit	2.12	5.77	10.95	17.95	26.64
Term Loan	10.35	7.76	5.18	2.59	-
Cash Credit	2.63	2.63	2.63	2.63	2.63
Sundry Creditors	0.11	0.13	0.16	0.18	0.20
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	17.01	18.13	20.79	25.27	31.45
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	11.00	11.00	11.00	11.00	11.00
Gross Dep.	1.35	2.55	3.59	4.50	5.30
Net Fixed Assets	9.65	8.45	7.41	6.50	5.70
Current Assets					
Sundry Debtors	1.80	2.25	2.63	3.01	3.38
Stock in Hand	1.24	1.49	1.74	1.98	2.23
Cash and Bank	3.33	4.85	7.81	12.45	18.66
Deposits & Advances	1.00	1.10	1.21	1.33	1.46
TOTAL :	17.01	18.13	20.79	25.27	31.45

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PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	1.44	-	-	-	-
Reserve & Surplus	2.12	4.06	6.48	8.75	10.86
Depriciation & Exp. W/off	1.35	1.20	1.04	0.91	0.79
Increase in Cash Credit	2.63	-	-	-	-
Increase In Term Loan (New)	10.35	-	-	-	-
Increase in Creditors	0.11	0.02	0.02	0.02	0.02
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	18.36	5.31	7.59	9.73	11.73
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	11.00	-	-	-	-
Increase in Stock	1.24	0.25	0.25	0.25	0.25
Increase in Debtors	1.80	0.45	0.38	0.38	0.38
Increase in Deposits & Adv	1.00	0.10	0.11	0.12	0.13
Repayment of Term Loan (New)	-	2.59	2.59	2.59	2.59
Taxation	-	0.41	1.30	1.75	2.17
TOTAL :	15.04	3.79	4.62	5.08	5.52
Opening Cash & Bank Balance	-	3.33	4.85	7.81	12.45
Add : Surplus	3.33	1.52	2.97	4.64	6.21
Closing Cash & Bank Balance	3.33	4.85	7.81	12.45	18.66

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
A) SALES					
Gross Sale	25.65	32.13	37.53	42.93	48.33
Total (A)	25.65	32.13	37.53	42.93	48.33
B) COST OF SALES					
Raw Mateiral Consumed	4.80	5.76	6.72	7.68	8.64
Elecricity Expenses	3.96	4.75	5.54	6.34	7.13
Repair & Maintenance	-	0.32	0.38	0.43	0.48
Labour & Wages	8.64	9.50	10.45	11.50	12.65
Depriciation	1.35	1.20	1.04	0.91	0.79
Consumables and Other Expenses	0.51	0.64	0.75	0.86	0.97
Cost of Production	19.26	22.18	24.89	27.71	30.66
Add: Opening Stock /WIP	-	1.08	1.30	1.51	1.73
Less: Closing Stock /WIP	1.08	1.30	1.51	1.73	1.94
Cost of Sales (B)	18.18	21.96	24.67	27.50	30.45
C) GROSS PROFIT (A-B)	7.47	10.17	12.86	15.43	17.88
	29%	32%	34%	36%	37%
D) Bank Interest (Term Loan)	0.89	1.08	0.78	0.48	0.19
Bank Interest (C.C. Limit)	0.26	0.26	0.26	0.26	0.26
E) Salary to Staff	3.17	3.48	3.83	4.22	4.64
F) Selling & Adm Expenses Exp.	1.03	1.29	1.50	1.72	1.93
TOTAL (D+E)	5.35	6.11	6.38	6.68	7.02
H) NET PROFIT	2.12	4.06	6.48	8.75	10.86
I) Taxation	-	0.41	1.30	1.75	2.17
J) PROFIT (After Tax)	2.12	3.65	5.18	7.00	8.69

COMPUTATION OF MANUFACTURING OF SURGICAL BANDAGE

Items to be Manufactured Surgical Bandage

Manufacturing Capacity	Surgical Bandage	2,000.00	Meters
No. of Working Hour		10	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		6,00,000	Meters
Year		Capacity	Sheet
		Utilisation	
IST YEAR		50%	3,00,000
IIND YEAR		60%	3,60,000
IIIRD YEAR		70%	4,20,000
IVTH YEAR		80%	4,80,000
VTH YEAR		90%	5,40,000

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Recovery	Unit Rate of / Meter	Total Cost Per Day (100%)	
Raw Material	100%	6,00,000	100%	1.60	9.60
Bandage Cloth					
Total (Rounded off in lacs)					<u>9.60</u>
Annual Consumption cost	(In Lacs)				9.60

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	50%	4.80
IIND YEAR	60%	5.76
IIIRD YEAR	70%	6.72
IVTH YEAR	80%	7.68
VTH YEAR	90%	8.64

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	15,000	18,000	21,000	24,000
Production	3,00,000	3,60,000	4,20,000	4,80,000	5,40,000
	3,00,000	3,75,000	4,38,000	5,01,000	5,64,000
Less : Closing Stock	15,000	18,000	21,000	24,000	27,000
Net Sale	2,85,000	3,57,000	4,17,000	4,77,000	5,37,000
Sale Price Mtr	9.00	9.00	9.00	9.00	9.00
Sale (in Lacs)	25.65	32.13	37.53	42.93	48.33

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Finished Goods					
(15 Days requirement)	1.08	1.30	1.51	1.73	1.94
Raw Material					
(15 Days requirement)	0.16	0.19	0.22	0.26	0.29
Closing Stock	1.24	1.49	1.74	1.98	2.23

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			1.24
Sundry Debtors			1.80
		Total	3.04
Sundry Creditors			0.11
Working Capital Requirement			2.92
Margin			0.29
Working Capital Finance			2.63

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		10,000.00	2	20,000.00
Unskilled Worker		8,000.00	2	16,000.00
Casual Labour		6,000.00	4	24,000.00
				60,000.00
Add: 20% Fringe Benefit				12,000.00
Total Labour Cost Per Month				72,000.00
Total Labour Cost for the year (In Rs. Lakhs)				8.64

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		10,000.00	1	10,000.00
Accountant		8,000.00	1	8,000.00
Marketing Executive		6,000.00	1	6,000.00
Total Salary Per Month				24,000.00
Add: 10% Fringe Benefit				2,400.00
Total Salary for the month				26,400.00
Total Salary for the year (In Rs. Lakhs)				3.17

COMPUTATION OF ELECTRICITY

POWER CONNECTION				
Total Working Hour per day			10 Hrs	
Electric Load Required			30 Kw	
Load Factor			0.08	
Electricity Charges			8.00 per unit	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				
=30*300 * 8.00 * 10				7,20,000.00
Add : Minimim Charges (@ 10%)				72,000.00
				7,92,000.00
Total cost of Power & Fuel at 100%				7.92
Year		Capacity		Amount
				(in Lacs)
IST YEAR		50%		3.96
IIND YEAR		60%		4.75
IIIRD YEAR		70%		5.54
IVTH YEAR		80%		6.34
VTH YEAR		90%		7.13

COMPUTATION OF DEPRECIATION

Description	Land	Building	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	5.00	5.50	0.50	11.00
	-	5.00	5.50	0.50	11.00
Less : Depreciation	-	0.50	0.83	0.03	1.35
WDV at end of Ist year	-	4.50	4.68	0.48	9.65
Additions During The Year	-	-	-	-	-
	-	4.50	4.68	0.48	9.65
Less : Depreciation	-	0.45	0.70	0.05	1.20
WDV at end of IIInd Year	-	4.05	3.97	0.43	8.45
Additions During The Year	-	-	-	-	-
	-	4.05	3.97	0.43	8.45
Less : Depreciation	-	0.41	0.60	0.04	1.04
WDV at end of IIIrd year	-	3.65	3.38	0.38	7.41
Additions During The Year	-	-	-	-	-
	-	3.65	3.38	0.38	7.41
Less : Depreciation	-	0.36	0.51	0.04	0.91
WDV at end of IV year	-	3.28	2.87	0.35	6.50
Additions During The Year	-	-	-	-	-
	-	3.28	2.87	0.35	6.50
Less : Depreciation	-	0.33	0.43	0.03	0.79
WDV at end of Vth year	-	2.95	2.44	0.31	5.70

REPAYMENT SCHEDULE OF TERM LOAN

12%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	10.35	10.35	-	-	10.35
	Iind Quarter	10.35	-	10.35	0.30	-	10.35
	IIIrd Quarter	10.35	-	10.35	0.30	-	10.35
	Ivth Quarter	10.35	-	10.35	0.30	-	10.35
					0.89	-	
IIIND YEAR	Opening Balance						
	Ist Quarter	10.35	-	10.35	0.30	0.65	9.70
	Iind Quarter	9.70	-	9.70	0.28	0.65	9.06
	IIIrd Quarter	9.06	-	9.06	0.26	0.65	8.41
	Ivth Quarter	8.41		8.41	0.24	0.65	7.76
					1.08	2.59	
IIIRD YEAR	Opening Balance						
	Ist Quarter	7.76	-	7.76	0.22	0.65	7.12
	Iind Quarter	7.12	-	7.12	0.20	0.65	6.47
	IIIrd Quarter	6.47	-	6.47	0.19	0.65	5.82
	Ivth Quarter	5.82		5.82	0.17	0.65	5.18
					0.78	2.59	
IVTH YEAR	Opening Balance						
	Ist Quarter	5.18	-	5.18	0.15	0.65	4.53
	Iind Quarter	4.53	-	4.53	0.13	0.65	3.88
	IIIrd Quarter	3.88	-	3.88	0.11	0.65	3.23
	Ivth Quarter	3.23		3.23	0.09	0.65	2.59
					0.48	2.59	
VTH YEAR	Opening Balance						
	Ist Quarter	2.59	-	2.59	0.07	0.65	1.94
	Iind Quarter	1.94	-	1.94	0.06	0.65	1.29
	IIIrd Quarter	1.29	-	1.29	0.04	0.65	0.65
	Ivth Quarter	0.65		0.65	0.02	0.65	0.00
					0.19	2.59	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	3.47	4.85	6.23	7.91	9.48
Interest on Term Loan	0.89	1.08	0.78	0.48	0.19
Total	4.36	5.93	7.01	8.39	9.67
<u>REPAYMENT</u>					
Instalment of Term Loan	2.59	2.59	2.59	2.59	2.59
Interest on Term Loan	0.89	1.08	0.78	0.48	0.19
Total	3.48	3.67	3.37	3.07	2.77
DEBT SERVICE COVERAGE RATIO	1.25	1.62	2.08	2.73	3.49
AVERAGE D.S.C.R.			2.23		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	25.65	32.13	37.53	42.93	48.33
Less : Op. WIP Goods	-	1.08	1.30	1.51	1.73
Add : Cl. WIP Goods	1.08	1.30	1.51	1.73	1.94
Total Sales	26.73	32.35	37.75	43.15	48.55
Variable & Semi Variable Exp.					
Raw Material & Tax	4.80	5.76	6.72	7.68	8.64
Electricity Exp/Coal Consumption at 85%	3.37	4.04	4.71	5.39	6.06
Manufacturing Expenses 80%	0.41	0.77	0.90	1.03	1.16
Wages & Salary at 60%	7.08	7.79	8.57	9.43	10.37
Selling & administrative Expenses 80%	0.82	1.03	1.20	1.37	1.55
Intt. On Working Capital Loan	0.26	0.26	0.26	0.26	0.26
Total Variable & Semi Variable Exp	16.75	19.65	22.37	25.16	28.04
Contribution	9.98	12.69	15.38	17.98	20.50
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.10	0.19	0.23	0.26	0.29
Electricity Exp/Coal Consumption at 15%	0.59	0.71	0.83	0.95	1.07
Wages & Salary at 40%	4.72	5.20	5.72	6.29	6.92
Interest on Term Loan	0.89	1.08	0.78	0.48	0.19
Depreciation	1.35	1.20	1.04	0.91	0.79
Selling & administrative Expenses 20%	0.21	0.26	0.30	0.34	0.39
Total Fixed Expenses	7.87	8.64	8.90	9.23	9.64
Capacity Utilization	50%	60%	70%	80%	90%
OPERATING PROFIT	2.12	4.06	6.48	8.75	10.86
BREAK EVEN POINT	39%	41%	41%	41%	42%
BREAK EVEN SALES	21.06	22.01	21.84	22.15	22.82

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