

PROJECT REPORT

Of

RUBBER LATEX FOAM

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Rubber Latex Foam**.

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 : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxxx State: xxxxxxxxx
- Mobile xxxxxxx
- 5 Product and By Product : **RUBBER LATEX FOAM**
- 6 Name of the project / business activity proposed : **RUBBER LATEX FOAM UNIT**
- 7 Cost of Project : Rs.31.67 Lakhs
- 8 Means of Finance
- Term Loan Rs.22.5 Lakhs
- Own Capital Rs.3.17 Lakhs
- Working Capital Rs.6 Lakhs
- 9 Debt Service Coverage Ratio : 2.13
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 39%
- 13 Employment : 12 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : 60 NR Latex Foam, Chemicals & consumables
- 16 Estimated Annual Sales Turnover (Max Capacity) : 105.16 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	
Machinery & equipments	23.00
Furniture & Fixtures	2.00
Working Capital	6.67
Total	31.67

MEANS OF FINANCE

Particulars	Amount
Own Contribution	3.17
Working Capital(Finance)	6.00
Term Loan	22.50
Total	31.67

RUBBER LATEX FOAM

Introduction: Rubber Latex Foam as per IS: 1741 - 1960 finds use in the field of Transport and Tourism industry. It is used in making mattresses, seats of vehicles, seats & Backrests of Sofa & other furniture, etc. As the Natural Rubber producing State, Kerala and Tripura may deem this as a Resource - based industry. However looking to the market size and difference between transport cost of raw materials and finished product, this project can be established in anywhere in the country.



Uses & Market Potential: Rubber latex Foam based products like Automobile seals & backrest, sofa and other furniture and Mattresses have substantial market in the country. Latex foam Mattress & Pillows is experiencing very large expansion of Market. Latex Foam and Coir mattress are very popular and such mattresses are exported in very large quantities to nearby country like Pakistan, Bangladesh and Sri Lanka. Thus these products have excellent marketing potential. The segment is expected to expand at a healthy 6.1% CAGR over the period between 2016 and 2024.

Raw material: 60 NR Latex is the principal raw - material of the unit which is locally available from Rubber Board. It constitutes about 75 percent of all raw materials required by the unit. Chemicals like potassium Oleate soap solution, Sulphur, Vulcafor ZDC/ MBT, nonox B/SP, China Clay. Zinc oxide, etc. are also used. Average raw material cost will be Rs. 100-120 per Kg.

Machine requirement: Major machineries & equipments are as follows:

Description	Quantity	Rate	Value
Deamination tank of 400 Ltr	2	70000	140000
Planetary Mixer	2	420000	840000
12 Jar Pot Mill with 3 HP Motor	1	250000	250000
High speed Mixer with 1 HP Motor	1	100000	100000
Boiler with 3 HP Motor	1	550000	550000
Steam vulcanizer, Foam squeezing machine, Trays Moulds and Testing equipments	1	420000	420000
Total Amount			2300000

Manufacturing Process: Latex is demonized and mixed with stabilizer foaming agent and sensitizer. The mix is foamed by boating air into it in a planetary mixer. Formation of foam is also assisted by blowing air below the surface of latex. After 4 to 6 times the original liquid volume is attained a dispersion of remaining ingredients are added so that more uniform structure is obtained by eliminating larger bubbles. The foam is poured/ injected into moulds and vulcanized by steam at 100 degree C for 35 to 45 minutes. The vulcanizing time depends on thickness of foam. After vulcanization mould is cooled and the foam, released from mould, is squeezed between rollers and thoroughly washed. These are then tested and packed for sales.

Area: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. 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 industrial setup is 1500 to 2000Sqft.

Power Requirement: The power consumption required to run all the machinery could be approximated as 30 Hp.

Manpower Requirement: There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 12 including 1 Supervisor, 2 Technical operator, 2 unskilled worker, 2 Helper and 1 Security guard. 4 Skilled worker including 2 Accountant, 1 Manager and 1 Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.
- NOC from State Pollution Control Board

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	3.74	6.67	10.37	14.10
Add: Additions	3.17	-	-	-	-
Add: Net Profit	3.57	6.44	8.70	10.73	13.01
Less: Drawings	3.00	3.50	5.00	7.00	9.00
Closing Balance	3.74	6.67	10.37	14.10	18.11
CC Limit	6.00	6.00	6.00	6.00	6.00
Term Loan	20.00	15.00	10.00	5.00	-
Sundry Creditors	1.98	2.19	2.40	2.62	2.85
TOTAL :	31.72	29.86	28.78	27.72	26.96
APPLICATION OF FUND					
Fixed Assets (Gross)	25.00	25.00	25.00	25.00	25.00
Gross Dep.	3.65	6.76	9.42	11.68	13.61
Net Fixed Assets	21.35	18.24	15.58	13.32	11.39
Current Assets					
Sundry Debtors	2.22	2.63	2.91	3.20	3.51
Stock in Hand	6.68	7.41	8.18	8.97	9.79
Cash and Bank	1.47	1.58	2.10	2.23	2.29
TOTAL :	31.72	29.86	28.78	27.72	26.96

PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	66.53	78.96	87.36	96.10	105.16
Total (A)	66.53	78.96	87.36	96.10	105.16
B) COST OF SALES					
Raw Material Consumed	39.60	43.76	48.05	52.47	57.02
Electricity Expenses	2.74	2.97	3.20	3.42	3.65
Repair & Maintenance	2.00	2.37	2.62	2.88	3.15
Labour & Wages	9.20	9.57	10.52	11.26	12.05
Depreciation	3.65	3.11	2.65	2.26	1.93
Cost of Production	57.18	61.77	67.04	72.30	77.81
Add: Opening Stock /WIP	-	4.04	4.50	4.97	5.47
Less: Closing Stock /WIP	4.04	4.50	4.97	5.47	5.98
Cost of Sales (B)	53.14	61.32	66.57	71.81	77.30
C) GROSS PROFIT (A-B)	13.38	17.64	20.80	24.29	27.86
	20.12%	22.34%	23.80%	25.28%	26.50%
D) Bank Interest (Term Loan)	2.44	1.99	1.44	0.89	0.34
ii) Interest On Working Capital	0.66	0.66	0.66	0.66	0.66
E) Salary to Staff	6.05	6.65	7.45	8.20	9.02
F) Selling & Adm Expenses Exp.	0.67	1.18	1.57	1.92	1.58
TOTAL (D+E)	9.81	10.49	11.13	11.67	11.60
H) NET PROFIT	3.57	7.15	9.67	12.62	16.27
	5.4%	9.1%	11.1%	13.1%	15.5%
I) Taxation	-	0.72	0.97	1.89	3.25
J) PROFIT (After Tax)	3.57	6.44	8.70	10.73	13.01

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	3.17	-			
Reserve & Surplus	3.57	7.15	9.67	12.62	16.27
Depriciation & Exp. W/off	3.65	3.11	2.65	2.26	1.93
Increase In Cash Credit	6.00				
Increase In Term Loan	22.50	-	-	-	-
Increase in Creditors	1.98	0.21	0.21	0.22	0.23
TOTAL :	40.87	10.47	12.54	15.10	18.43
APPLICATION OF FUND					
Increase in Fixed Assets	25.00	-	-	-	-
Increase in Stock	6.68	0.74	0.76	0.79	0.82
Increase in Debtors	2.22	0.41	0.28	0.29	0.30
Repayment of Term Loan	2.50	5.00	5.00	5.00	5.00
Taxation	-	0.72	0.97	1.89	3.25
Drawings	3.00	3.50	5.00	7.00	9.00
TOTAL :	39.40	10.36	12.01	14.97	18.37
Opening Cash & Bank Balance	-	1.47	1.58	2.10	2.23
Add : Surplus	1.47	0.11	0.53	0.13	0.05
Closing Cash & Bank Balance	1.47	1.58	2.10	2.23	2.29

COMPUTATION OF MAKING OF RUBBER LATEX FOAM			
Item to be Manufactured Rubber Latex Foam			
Manufacturing Capacity per day		220	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		66,000	Kg
Total Production per Annum		66,000	Kg
Year		Capacity	RUBBER LATEX
		Utilisation	
I		60%	39,600.00
II		65%	42,900.00
III		70%	46,200.00
IV		75%	49,500.00
V		80%	52,800.00

Raw Material Consumed	Capacity	Rate	Amount (Rs.)
	Utilisation		
I	60%	100.00	39.60
II	65%	102.00	43.76
III	70%	104.00	48.05
IV	75%	106.00	52.47
V	80%	108.00	57.02

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	2,640.00	2,860.00	3,080.00	3,300.00
Production	39,600.00	42,900.00	46,200.00	49,500.00	52,800.00
	39,600.00	45,540.00	49,060.00	52,580.00	56,100.00
Less : Closing Stock(20 Days)	2,640.00	2,860.00	3,080.00	3,300.00	3,520.00
Net Sale	36,960.00	42,680.00	45,980.00	49,280.00	52,580.00
Sale Price per Kg	180.00	185.00	190.00	195.00	200.00
Sale (in Lacs)	66.53	78.96	87.36	96.10	105.16

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(20 Days requirement)	4.04	4.50	4.97	5.47	5.98
Raw Material					
(15 Days requirement)	2.64	2.92	3.20	3.50	3.80
Closing Stock	6.68	7.41	8.18	8.97	9.79

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	6.68		
Less:			
Sundry Creditors	1.98		
Paid Stock	4.70	0.47	4.23
Sundry Debtors	2.22	0.22	2.00
Working Capital Requirement			6.23
Margin			0.69
MPBF			6.23
Working Capital Demand			6.00

BREAK UP OF LABOUR				
Particulars		Wages Per Month	No of Employees	Total Salary
Supervisor		16,000.00	1	16,000.00
Technical Operator		12,000.00	2	24,000.00
Unskilled Worker		8,000.00	2	16,000.00
Helper		6,000.00	2	12,000.00
Security Guard		5,000.00	1	5,000.00
				73,000.00
Add: 5% Fringe Benefit				3,650.00
Total Labour Cost Per Month				76,650.00
Total Labour Cost for the year (In Rs. Lakhs)			8	9.20

BREAK UP OF SALARY				
Particulars		Salary Per Month	No of Employees	Total Salary
Manager		15,000.00	1	15,000.00
Accountant cum store keeper		12,000.00	2	24,000.00
Sales		9,000.00	1	9,000.00
Total Salary Per Month				48,000.00
Add: 5% Fringe Benefit				2,400.00
Total Salary for the month				50,400.00
Total Salary for the year (In Rs. Lakhs)			4	6.05

COMPUTATION OF DEPRECIATION				
Description	Land	Machinery & equipments	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	23.00	2.00	25.00
	-	23.00	2.00	25.00
		-	-	
TOTAL		23.00	2.00	25.00
Less : Depreciation	-	3.45	0.20	3.65
WDV at end of Ist year	-	19.55	1.80	21.35
Additions During The Year	-	-	-	-
	-	19.55	1.80	21.35
Less : Depreciation	-	2.93	0.18	3.11
WDV at end of IInd Year	-	16.62	1.62	18.24
Additions During The Year	-	-	-	-
	-	16.62	1.62	18.24
Less : Depreciation	-	2.49	0.16	2.65
WDV at end of IIIrd year	-	14.12	1.46	15.58
Additions During The Year	-	-	-	-
	-	14.12	1.46	15.58
Less : Depreciation	-	2.12	0.15	2.26
WDV at end of IV year	-	12.01	1.31	13.32
Additions During The Year	-	-	-	-
	-	12.01	1.31	13.32
Less : Depreciation	-	1.80	0.13	1.93
WDV at end of Vth year	-	10.21	1.18	11.39

<u>REPAYMENT SCHEDULE OF TERM LOAN</u>						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	22.50	22.50	0.62	-	22.50
	Iind Quarter	22.50	-	22.50	0.62	-	22.50
	IIIrd Quarter	22.50	-	22.50	0.62	1.25	21.25
	Ivth Quarter	21.25	-	21.25	0.58	1.25	20.00
					2.44	2.50	
II	Opening Balance						
	Ist Quarter	20.00	-	20.00	0.55	1.25	18.75
	Iind Quarter	18.75	-	18.75	0.52	1.25	17.50
	IIIrd Quarter	17.50	-	17.50	0.48	1.25	16.25
	Ivth Quarter	16.25		16.25	0.45	1.25	15.00
					1.99	5.00	
III	Opening Balance						
	Ist Quarter	15.00	-	15.00	0.41	1.25	13.75
	Iind Quarter	13.75	-	13.75	0.38	1.25	12.50
	IIIrd Quarter	12.50	-	12.50	0.34	1.25	11.25
	Ivth Quarter	11.25		11.25	0.31	1.25	10.00
					1.44	5.00	
IV	Opening Balance						
	Ist Quarter	10.00	-	10.00	0.28	1.25	8.75
	Iind Quarter	8.75	-	8.75	0.24	1.25	7.50
	IIIrd Quarter	7.50	-	7.50	0.21	1.25	6.25
	Ivth Quarter	6.25		6.25	0.17	1.25	5.00
					0.89	5.00	
V	Opening Balance						
	Ist Quarter	5.00	-	5.00	0.14	1.25	3.75
	Iind Quarter	3.75	-	3.75	0.10	1.25	2.50
	IIIrd Quarter	2.50	-	2.50	0.07	1.25	1.25
	Ivth Quarter	1.25		1.25	0.03	1.25	-
					0.34	5.00	

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	7.22	9.55	11.36	12.99	14.94
Interest on Term Loan	2.44	1.99	1.44	0.89	0.34
Total	9.66	11.54	12.80	13.88	15.29
REPAYMENT					
Repayment of Term Loan	2.50	5.00	5.00	5.00	5.00
Interest on Term Loan	2.44	1.99	1.44	0.89	0.34
Total	4.94	6.99	6.44	5.89	5.34
DEBT SERVICE COVERAGE RATIO	1.96	1.65	1.99	2.36	2.86
AVERAGE D.S.C.R.			2.13		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	30	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				4,02,840.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				4.57
Year		Capacity		Amount
				(in Lacs)
I		60%		2.74
II		65%		2.97
III		70%		3.20
IV		75%		3.42
V		80%		3.65

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