

PROJECT REPORT

Of

WOOD CRAFTING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Wood Crafting 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 : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **WOODEN FRAMES**
- 6 Name of the project / business activity proposed : **WOOD CRAFTING UNIT**
- 7 Cost of Project : Rs.10.64 Lakhs
- 8 Means of Finance
- Term Loan Rs.7.29 Lakhs
- Own Capital Rs.1.06 Lakhs
- Working Capital Rs.2.28 Lakhs
- 9 Debt Service Coverage Ratio : 2.74
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 34%
- 13 Employment : 10 Persons
- 14 Power Requirement : 6.00 HP
- 15 Major Raw materials : Hardwood, Softwood, Glue and Nails
- 16 Estimated Annual Sales Turnover (Max Capacity) : 57.44 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Civil Work	5.00
Plant & Machinery	2.60
Furniture & Fixtures	0.50
Working Capital	2.54
Total	10.64

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.06
Working Capital(Finance)	2.28
Term Loan	7.29
Total	10.64

WOOD CRAFTING UNIT

Introduction:

The wood carving artistry is about 400 years old. The products showcase the skill of the craftsmen of the region and intricate designs and carvings chiseled on wood, mostly sheesham wood being the raw material of choice. The most common varieties used to make Indian handicrafts are teak, sheesham, sal, oak, mango, ebony and mahogany. Sandalwood, rosewood and walnut are the exotic varieties and are expensive and are used in producing fine pieces of furniture and decorative items. These materials may have revolutionized the furniture industry, but wood is undeniably a staple material in furniture manufacturing.



Uses & Market Potential:

It may be noted that the woodworking industry is one of the fastest growing sectors of the Indian economy. According to a study by the World Bank, India's organized furniture industry is expected to grow 20% per annum over the next few years and is projected to cross USD 32 billion by 2019, while the luxury furniture market is expected to garner \$27.01 billion by 2020, registering a CAGR of 4.1% during the forecast period 2015-2020. Market Reports on India Provides the Trending Market Research Report on “India Cutting Boards Market” under Consumer Goods category. The wood panel industry includes plywood sheets, engineered wood panels (MDF [Medium Density Fibre board's])

furniture board and particle board) and decorative surface products such as laminates. The Indian wood panel industry is estimated to be around INR 28,000 crore and is growing at the rate of 10-12% annually. This is driven by a healthy demand for wood panels, mainly for new housing construction (90% of the total demand) and the remaining (10%) from renovation activity. Engineered wood furniture goods are also gaining popularity in Indian cities. The leading cause of this is a rise in demand for ready to assemble furniture in towns. Moreover, the ease of buying from the E-commerce platform is also encouraging the growth of modular and multifunctional furniture in the market for home decoration and convenience purposes.

Product:

WOODEN FRAMES

Raw Material:

1. Hardwood and Softwood
2. Glue
3. Nails

Manufacturing Process:

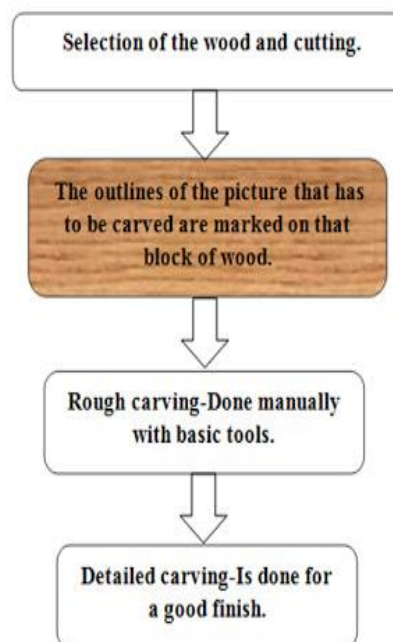


Fig. 1 – Process Flowchart

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 1500-2000Sq. ft. approximately.

Cost of Machines:

S No.	Machine	Price (INR)
1.	Circular Saws	4,500/-
2.	Bandsaw	38,000/-
3.	Frame Saw	1,000/-
4.	Hand Saw	800/-
5.	Planes	700/-
6.	Router	15,000/-
7.	Lathe Machine	2,00,000/-
	Total	2,60,000/-

Power Requirement- The estimated Power requirement is taken at 6 HP.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-3
- Helper- 4
- Machine Operator- 1
- 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	-	1.70	2.70	3.90	5.57
Add: Additions	1.06	-	-	-	-
Add: Net Profit	2.34	3.00	3.80	5.07	6.03
Less: Drawings	1.70	2.00	2.60	3.40	4.20
Closing Balance	1.70	2.70	3.90	5.57	7.40
CC Limit	2.28	2.28	2.28	2.28	2.28
Term Loan	6.48	4.86	3.24	1.62	-
Sundry Creditors	0.74	0.85	0.96	1.07	1.19
TOTAL :	11.21	10.69	10.39	10.55	10.87
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	8.10	8.10	8.10	8.10	8.10
Gross Dep.	0.94	1.77	2.49	3.13	3.70
Net Fixed Assets	7.16	6.33	5.61	4.97	4.40
Current Assets					
Sundry Debtors	1.65	1.96	2.24	2.55	2.87
Stock in Hand	1.63	1.88	2.14	2.42	2.71
Cash and Bank	0.77	0.52	0.40	0.61	0.89
TOTAL :	11.21	10.69	10.39	10.55	10.87
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	32.94	39.27	44.85	51.00	57.44
Total (A)	32.94	39.27	44.85	51.00	57.44
<u>B) COST OF SALES</u>					
Raw Material Consumed	14.88	17.01	19.20	21.45	23.76
Electricity Expenses	0.54	0.60	0.67	0.74	0.81
Repair & Maintenance	0.49	0.59	0.67	0.76	0.86
Labour & Wages	8.69	10.00	11.50	13.11	15.07
Depreciation	0.94	0.83	0.73	0.64	0.56
Cost of Production	25.55	29.03	32.77	36.70	41.07
Add: Opening Stock /WIP	-	1.14	1.31	1.50	1.71
Less: Closing Stock /WIP	1.14	1.31	1.50	1.71	1.92
Cost of Sales (B)	24.41	28.85	32.58	36.50	40.85
C) GROSS PROFIT (A-B)	8.53	10.42	12.27	14.50	16.59
	25.91%	26.54%	27.35%	28.43%	28.88%
D) Bank Interest i) (Term Loan)	0.79	0.65	0.47	0.29	0.11
ii) Interest On Working Capital	0.25	0.25	0.25	0.25	0.25
E) Salary to Staff	4.03	4.96	5.95	6.67	7.47
F) Selling & Adm Expenses Exp.	1.12	1.57	1.79	2.04	2.30
G) TOTAL (D+E+F)	6.19	7.43	8.46	9.25	10.13
H) NET PROFIT	2.34	3.00	3.80	5.25	6.46
	7.1%	7.6%	8.5%	10.3%	11.3%
I) Taxation	-	-	-	0.18	0.43
J) PROFIT (After Tax)	2.34	3.00	3.80	5.07	6.03

<u>PROJECTED CASH FLOW STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.06	-			
Reserve & Surplus	2.34	3.00	3.80	5.25	6.46
Depriciation & Exp. W/off	0.94	0.83	0.73	0.64	0.56
Increase In Cash Credit	2.28				
Increase In Term Loan	7.29	-	-	-	-
Increase in Creditors	0.74	0.11	0.11	0.11	0.12
TOTAL :	14.66	3.93	4.64	6.01	7.14
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.10	-	-	-	-
Increase in Stock	1.63	0.25	0.26	0.28	0.29
Increase in Debtors	1.65	0.32	0.28	0.31	0.32
Repayment of Term Loan	0.81	1.62	1.62	1.62	1.62
Taxation	-	-	-	0.18	0.43
Drawings	1.70	2.00	2.60	3.40	4.20
TOTAL :	13.89	4.19	4.76	5.79	6.87
Opening Cash & Bank Balance	-	0.77	0.52	0.40	0.61
Add : Surplus	0.77	- 0.26	- 0.12	0.22	0.28
Closing Cash & Bank Balance	0.77	0.52	0.40	0.61	0.89

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.14	1.31	1.50	1.71	1.92
<u>Raw Material</u>					
(10 Days requirement)	0.50	0.57	0.64	0.72	0.79
Closing Stock	1.63	1.88	2.14	2.42	2.71

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	1.63		
Less:			
Sundry Creditors	0.74		
Paid Stock	0.89	0.09	0.80
Sundry Debtors	1.65	0.16	1.48
Working Capital Requirement			2.28
Margin			0.25
MPBF			2.28
Working Capital Demand			2.28

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	7.29	7.29	0.20	-	7.29
	Iind Quarter	7.29	-	7.29	0.20	-	7.29
	IIIrd Quarter	7.29	-	7.29	0.20	0.41	6.89
	Ivth Quarter	6.89	-	6.89	0.19	0.41	6.48
					0.79	0.81	
II	Opening Balance						
	Ist Quarter	6.48	-	6.48	0.18	0.41	6.08
	Iind Quarter	6.08	-	6.08	0.17	0.41	5.67
	IIIrd Quarter	5.67	-	5.67	0.16	0.41	5.27
	Ivth Quarter	5.27		5.27	0.14	0.41	4.86
					0.65	1.62	
III	Opening Balance						
	Ist Quarter	4.86	-	4.86	0.13	0.41	4.46
	Iind Quarter	4.46	-	4.46	0.12	0.41	4.05
	IIIrd Quarter	4.05	-	4.05	0.11	0.41	3.65
	Ivth Quarter	3.65		3.65	0.10	0.41	3.24
					0.47	1.62	
IV	Opening Balance						
	Ist Quarter	3.24	-	3.24	0.09	0.41	2.84
	Iind Quarter	2.84	-	2.84	0.08	0.41	2.43
	IIIrd Quarter	2.43	-	2.43	0.07	0.41	2.03
	Ivth Quarter	2.03		2.03	0.06	0.41	1.62
					0.29	1.62	
V	Opening Balance						
	Ist Quarter	1.62	-	1.62	0.04	0.41	1.22
	Iind Quarter	1.22	-	1.22	0.03	0.41	0.81
	IIIrd Quarter	0.81	-	0.81	0.02	0.41	0.40
	Ivth Quarter	0.40		0.40	0.01	0.41	- 0.00
					0.11	1.62	

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	3.28	3.82	4.53	5.71	6.59
Interest on Term Loan	0.79	0.65	0.47	0.29	0.11
Total	4.07	4.47	5.00	6.00	6.71
REPAYMENT					
Repayment of Term Loan	0.81	1.62	1.62	1.62	1.62
Interest on Term Loan	0.79	0.65	0.47	0.29	0.11
Total	1.60	2.27	2.09	1.91	1.73
DEBT SERVICE COVERAGE R	2.54	1.97	2.39	3.14	3.87
AVERAGE D.S.C.R.			2.74		

Assumptions:

- 1.** Production Capacity of Wooden Frames is 200 pcs per day. First year, Capacity has been taken @ 40%.
- 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 6 HP.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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