

PROJECT REPORT

OF

M/s. AKEA ENTERPRISES.

**Site no.18, 92/1, AVALAHALLI village,
UTTARAHALLI hobli, BANGALORE SOUTH taluk,
BANGALORE URBAN district**

ON

**Manufacture of WOODEN FURNITURES, KITCHEN
EQUIPMENTS etc**

By

Promoter:

Smt. ASMA KHANUM

PROJECT AT A GLANCE

Name of the Unit	:	M/s AKEA ENTERPRISES
Location of the Unit	:	Site no.18, 92/1, AVALAHALLI VILLAGE, UTTARAHALLI hobli, BANGALORE SOUTH taluk, BANGLAORE URBAN district
Name of the Promoters	:	Smt. ASMA KHANUM W/o NASARULLA KHAN
Constitution	:	Proprietary Concern
Activity	:	Manufacture of WOODEN FURNITURES, INTERIORS etc
Manpower	:	33
Electric Power	:	60 HP
Scheme	:	2nd Loan of PMEGP
Installed Capacity	:	Ref Annex IV
Cost of Project	:	Rs. 99.00 Lakhs.
Category	:	Small unit
<u>MEANS OF FINANCE:</u>		
<u>Loan from Bank :</u>		
Term Loan	:	54.00
WCB/Cash credit	:	35.10
		89.10
Promoters Contribution	:	9.90
		Total 99.00
Loan repayment period	:	7 Years.
Return on Investment	:	23.43 %
Break even Point	:	44.00 %
Break even Sales	:	111.10
Cum DSCR	:	2.04

INTRODUCTION:

M/s. AKEA ENTRPRISES intends to establish the unit of **Manufacture of WOODEN FURNITURES, INTERIORS etc @ Site no.18, 92/1, AVALAHALLI village, UTTARAHALLI hobli, BANGALORE SOUTH taluk, BANGALORE URBAN district.** The above Product has good market potentiality at the surrounding proposed location, it is Good Look Appearance, Strength, Good resistant, Now a days it has good market prospects locally & at the surrounding proposed location, Additionally it has good export prospects. It intends to work on an single shift basis, working for 8 hrs a day for 300 days in a year.

It intends to avail financial assistance from **BANK** to establish the proposed unit under **2nd Loan of PMEGP** Scheme.

PROMOTER'S BACKGROUND

M/s. AKEA ENTRPRISES is promoted by **Smt. ASMA KHANUM W/o NASARAULLA** aged 47 years, educationally qualified upto SSLC. She has successfully Run the previous unit by availing Loan under PMEGP 1st Loan. She is assisted by her Son, having good experience in the field. She has good marketing contacts with the other wholesale, Retail dealers, and with the general public for successful marketing of the finished product.

INFRASTRUCTURE:

Land & building:

The unit has acquired the required Land & Building on Rental basis, where in the industry is proposed at :

No. : Site no.18, 92/1

Location : Avalahalli village, Uttarahalli hobli,
Bangalore South taluk
Bangalore

Plant & Machinery:

The required plant & machinery is available indigenously from reputed dealers.

Electric power:

60 HP power is the required Electric Power to run the proposed unit smoothly.

Manpower:

33 Nos. is the required manpower, available locally and easily.

Raw materials & consumables:

The major raw materials are Plywood, Glass, Formica, Adhesive, Nails etc. available locally and easily.

Transportation:

There is good transportation facilities connecting to B'lore city

COST OF PROJECT AND MEANS OF FINANCE**COST OF PROJECT**

(Rs. in Lakhs)

Land & Building - Rent	:	0.00	
Plant & Machinery	:	59.30	59.55
Misc Fixed Assets	:	0.25	
KPTCL Deposits	:	0.20	
Prel and POP Expences	:	0.08	
Contingency	:	0.10	
Interest during Implementation	:	0.07	
Working Capital Requirement	:	39.00	
	Total	99.00	

MEANS OF FINANCE**Loan from bank**

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Term loan	:	54.00	
WCB/CC	:	35.10	89.00
	---	89.10	
Promoter's Contribution		9.90	
	Total	99.00	

~~24.8~~
2.5

EXPLANATORY NOTE ON COST OF PROJECT:**Land:**

The promoter has the required land & Building on Rental Basis to establish the proposed unit

0.00 Lakhs

Plant & Machinery:

It is proposed to purchase the required plant and machinery to the run the unit at a cost of Rs.

59.30 Lakhs.

Misc. fixed assets:

It is proposed to procure office equipment like tables chairs, almarah Computer for a sum of Rs.

0.25 Lakhs.

KPTCL DEPOSIT:

An initial amount has to be deposited to secure power/Telephone Connection amounting to Rs.

0.20 Lakhs.

Prel and POP Expenses:

The Prel Expenses like travelling, service charge to prepare project report, stationary, etc, amounts to Rs.

0.08 Lakhs.

Contingency:

Contingency Amount provided in this unit is Rs

0.10 Lakhs.

Int. during implemintation:

Interest accrued during the period of implementation of the project. It is calculated for a period of 2/3 Months for construction, installation, erection of Machinery and trial run of the unit, is considered to an amounts of Rs.

0.07 Lakhs.

Working Capital Requireme

11 % is the rate of interest charged on the requirement of working capital to complete one cycle of operation works out to Rs.

39.00 Lakhs.

EXPLANATORY NOTE ON MEANS OF FINANCE:**Loan from bank:**

Loan amount to be borrowed from bank to establish the proposed unit carrying interest of	89.10	% Pa Lks at 11
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Promoter's Contribution:

The Promoter contributes his capital to start the above unit, working out to an amount of Rs.	9.9	%PA Lks at 10
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on the Project Cost.

LIST OF ANNEXURES

ANNEXURE NO.	DETAILS
1.	LIST OF PLANT & MACHINERY
2.	MANPOWER REQUIREMENT
3.	DEPRECIATION SCHEDULE
4.	RAW MATERIALS & CONSUMABLES & SALES
	REALISATION
5.	COST OF PRODUCTION & PROFITABILITY STATEMENT
6.	LOAN REPAYMENT SCHEDULE
7.	BREAK EVEN ANALYSIS
8.	RETURN ON INVESTMENT
9.	DEBT SERVICE COVERAGE RATIO (DSCR)
10.	CASH FLOW STATEMENT
11.	PROJECTED BALANCE SHEET

ANNEXURE I

LIST OF PLANT & MACHINERY

The following are the Plant & Machinery required for the proposed unit

(Rs. in lakhs)

Sl.No.	Particulars	Qty	Amount
1.	Planning machine		
2.	Band Saw M/c		
3.	Rip Saw M/c		
4.	Glue Spreader		
5.	Circular Cutting M/c		14.80

		Total	14.80

MANPOWER REQUIREMENT

The MANPOWER required to run the unit smoothly is as follows

Sl No.	Particulars	Nos.	Salary/Day	Total Salary/month
1	Skilled workers	5	250	1250
2	Semi-skilled workers	5	210	1050
3	Unskilled workers	20	180	3600
		30		5900

Rs. 5900	Per Day	300 Days/annum	17.70 Lakhs.
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Administrative Overheads:

Supervisor's Salary:

15,000 /Month.*12 Months 1 No. of Worker 1.80

59.00
0.3

0.15

Salesmen's Salary:

15,000 /Month.*12 Months 1 No. of Worker 1.80

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Watchmen:

8,000 /Month.*12 Months 1 No. of Worker 0.96

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TOTAL	33	#### Lakhs.
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RAW MATERIALS, CONSUMABLES & SALES REALISATION

.@100% CAPACITY UTILISATION.

RAW MATERIALS & CONSUMABLES:

Plywood, Fevicol, Wheels, Counter Drilling Bits	180.00	Lakhs.
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SALES REALISATION:

By Sale of kitchen , Wooden furnitures	252.50	Lakhs.
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DEPRECIATION SCHEDULE

Following is the Depreciation statement workedout.

(Rs. in Lakhs.)

Optg. Year	Building	Deprn@ 5 %	Plant & Mach+FA	Deprn@ 5 %	Total Deprn PA
I	0.00	0.00	59.55	2.98	2.97
II	0.00	0.00	56.57	2.83	2.82
III	0.00	0.00	53.74	2.69	2.68
IV	0.00	0.00	51.06	2.55	2.55
V	0.00	0.00	48.50	2.43	2.42
VI	0.00	0.00	46.08	2.30	2.30
VII	0.00	0.00	43.77	2.19	2.18
VIII	0.00	0.00	41.59	2.08	2.07

BASIS:

BUILDING : FIXED INSTALMENT METHOD

PLANT & MACHINERY : DIMINSHING BALANCE METHOD.

COST OF PRODUCTION & PROFITABILITY STATEMENT

(Rs. in Lakhs).

Sl No	Particulars	I yr	II yr	III yr	IV yr	V yr	VI yr	VII
1	Installed Capacity	-----Ref. Annexure IV-----.						
2	Capacity Utilisation	60%	70%	80%	90%	90%	90%	95%
A	Raw Materials & Cons	108.00	126.00	144.00	162.00	162.00	162.00	171.00
B	Utilities	0.80	1.00	1.30	1.70	1.75	1.80	1.85
C	Wages	17.70	19.47	21.41	23.55	24.72	25.95	27.24
D	Prime Cost	126.50	146.47	166.71	187.25	188.47	189.75	200.09
FACTORY O/H:								
	Repairs and Replacement	0.18	0.22	0.27	0.33	0.40	0.48	0.57
	Insurance:	0.29	0.29	0.29	0.29	0.29	0.29	0.29
	Misc. Expenses.	0.10	0.15	0.20	0.25	0.30	0.35	0.40
E	Works Cost	127.07	147.13	167.47	188.12	189.46	190.87	201.35
ADMINISTRATIVE O/H								
	Postage & Stationary	0.02	0.02	0.02	0.03	0.03	0.03	0.04
	Supervisor/Watchman Stry	1.80	1.86	1.92	1.98	2.05	2.10	2.15
	Salesmen Salary	2.76	2.85	2.94	3.03	3.12	3.21	3.30
F	Cost of production	131.65	151.86	172.35	193.16	194.66	196.21	206.84
SELLING & DISTRBN O/H								
	Advertisement	0.05	0.05	0.06	0.06	0.08	0.08	0.10
	Carriage outwards	1.00	1.25	1.55	1.85	1.90	1.93	2.00
G	Manufacturing Cost	132.70	153.16	173.96	195.07	196.64	198.22	208.94
H	Sales Realisation	151.50	176.75	202.00	227.25	227.25	227.25	239.87
I	Profit before int.&Depr	18.80	23.59	28.04	32.18	30.61	29.03	30.93
J	Interest on Loan	5.92	5.50	4.92	4.05	2.99	1.82	0.51
K	Interest on WCB	3.51	3.51	3.51	3.51	3.51	3.51	3.51
K	Depreciation	2.97	2.82	2.68	2.55	2.42	2.30	2.18
L	Profit b. pro. For Tax	6.40	11.76	16.93	22.07	21.69	21.40	24.73
M	Provision for Tax	0.32	0.58	0.84	1.10	1.08	1.07	1.23
N	Profit After Pro/Tax	6.08	11.18	16.09	20.97	20.61	20.33	23.50

REPAYMENT SCHEDULE

Loan Amount : Rs. 54.00 Lakhs.

Moratorium Period 3 Months. Repayment Period 7 Years

Rate of interest : 11 %P.A.

Opng Year	Qrtly Instalment	Qrtly Balance	Qrtly Interest	Annual Instalment	Annual Interest
I	0.00	54.00	1.48		
	0.50	53.50	1.48		
	0.50	53.00	1.48		
	0.50	52.50	1.48	1.50	5.92

1.48

II	1.00	51.50	1.42		
	1.00	50.50	1.39		
	1.00	49.50	1.36		
	1.00	48.50	1.33	4.00	5.50

III	1.50	47.00	1.29		
	1.50	45.50	1.25		
	1.50	44.00	1.21		
	1.50	42.50	1.17	6.00	4.92

IV	2.25	40.25	1.11		
	2.25	38.00	1.05		
	2.25	35.75	0.98		
	2.25	33.50	0.92	9.00	4.05

Working Capital Interest Schedule

Loan Amount : Rs. 35.10 Lakhs.

Renewable Period : Year on year Basis

Rate of interest : 10 %P.A.

Year	Loan Amount	Interest
1	35.10	3.51
2	35.10	3.51
3	35.10	3.51
4	35.10	3.51
5	35.10	3.51
6	35.10	3.51
7	35.10	3.51
8	35.10	3.51

V	2.50	31.00	0.85		
	2.50	28.50	0.78		
	2.50	26.00	0.72		
	2.50	23.50	0.65	10.00	2.99

VI	2.75	20.75	0.57		
	2.75	18.00	0.50		
	2.75	15.25	0.42		
	2.75	12.50	0.34	11.00	1.82

VII	3.13	9.38	0.26		
	3.13	6.25	0.17		
	3.13	3.13	0.09		
	3.13	0.00	0.00	12.50	0.51

BREAK EVEN ANALYSIS

(Rs. in Lakhs).

Sl No	Particulars	I Year
1	Installed Capacity	.---Ref Anex IV---
2	Capacity Utilisation	60%
	S. SALES REALISATION	151.50
	V. VARIABLE COST:-	
	Raw Materials & Cons	108.00
	Utilities	0.80
	Wages	17.7
	Carriage Outwards	1

Total of V.C.	127.50
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C. CONTRIBUTION	24.00
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F. FIXED COST:	
Factory O/H	0.57
Administrative O/H	4.58
Advertisement	0.05
Interest On WCB	3.51
Interest On loan	5.92
Depreciation	2.97

	%
Total Of F.C.	17.60

Break Even Point	44.00
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RETURN ON INVESTMENT

(Rs. in Lakhs)

1 Cost of Project	:	99.00
2 Profit after provision of tax	:	118.76
3 Interest on Loan	:	25.71
4 Depreciation	:	17.92
5 No. of optg. Years	:	7 Years

$$\text{ROI} = \frac{118.76 + 25.71 + 17.92}{99.00} \times 100$$

$$= \frac{162.39}{693} \times 100$$

$$= \boxed{23.433 \%}$$

DEBT SERVICE COVERAGE RATIO

(Rs. in Lakhs)

Sl No.	Particulars	I Yr	II Yr	III Yr	IV Yr	V Yr	VI Yr	VII Yr
1	Profit A/P for Taxes	6.08	11.18	16.09	20.97	20.61	20.33	23.50
2	Depreciation	2.97	2.82	2.68	2.55	2.42	2.30	2.18
3	Interest on Loan	5.92	5.50	4.92	4.05	2.99	1.82	0.51
4	Repayment of Loan	1.50	4.00	6.00	9.00	10.00	11.00	12.50
	A=1+2+3	14.97	19.50	23.69	27.57	26.02	24.45	26.19
	B=3+4	7.42	9.50	10.92	13.05	12.99	12.82	13.01
	DSCR=A/B	2.02	2.05	2.17	2.11	2.00	1.91	2.01
	Cum DSCR	.-----		2.04	.-----			

CASH FLOW STATEMENT

(Rs. in Lakhs)

Particulars	POP	I Yr	II Yr	III Yr	IV Yr.	V Yr	VI Yr	VII Yr
A. SOURCES OF FUNDS:								
Promoter's Contribution	9.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit B/Financial Expns	0.00	18.80	23.59	28.04	32.18	30.61	29.03	30.93
Increase in Bank Loan	89.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total of 'A'	99.00	18.80	23.59	28.04	32.18	30.61	29.03	30.93
B. APPLICATION OF FUNDS:								
Inc. in F.A	59.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inc. in W.C.R.	39.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KPTCL/Telephone Deposit	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prel & POP Expences.	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contingency	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Int. During Implementation	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Int. on Loan	0.00	5.92	5.50	4.92	4.05	2.99	1.82	0.51
Int. on WCB	0.00	3.51	3.51	3.51	3.51	3.51	3.51	3.51
Repayment of Term Loan	0.00	1.50	4.00	6.00	9.00	10.00	11.00	12.50
Depreciation	0.00	2.97	2.82	2.68	2.55	2.42	2.30	2.18
Provision for Taxes.	0.00	0.32	0.58	0.84	1.10	1.08	1.07	1.23
Total of 'B'	99.00	14.22	16.41	17.95	20.21	20.00	19.70	19.93
Opening Balance	0.00	0.00	4.58	11.76	21.85	33.82	44.43	53.76
Surplus/Deficit	0.00	4.58	7.18	10.09	11.97	10.61	9.33	11.00
Closing Balance	0.00	4.58	11.76	21.85	33.82	44.43	53.76	64.76

PROJECTED BALANCE SHEET

(Rs. in Lakhs)

Particulars	POP	I Yr	II Yr	III Yr	IV Yr.	V Yr	VI Yr	VII Yr
<u>A. SOURCE OF FUNDS:</u>								
Promoter's Capital	9.90	9.90	9.90	9.90	9.90	9.90	9.90	9.90
Reservers & surplus	0.00	6.08	17.26	33.35	54.32	74.93	95.26	118.76
Bank Loan	54.00	52.50	48.50	42.50	33.50	23.50	12.50	0.00
Working Capital Borrowings	35.10	35.10	35.10	35.10	35.10	35.10	35.10	35.10
Total of 'A'	99.00	103.58	110.76	120.85	132.82	143.43	152.76	163.76
<u>B. APPLICATION OF FUNDS:</u>								
Fixed assets	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Current assets	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00
Cash & Bank Balance	0.00	4.58	11.76	21.85	33.82	44.43	53.76	64.76
Total of 'B'	99.00	103.58	110.76	120.85	132.82	143.43	152.76	163.76