

PROJECT REPORT

Of

FOAM MATTRESS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Foam Mattress**.

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 : xxxxxxx
Pin: xxxxxxx State: xxxxxxxxx
Mobile: xxxxxxx
- 5 Product and By Product : **FOAM MATTRESS**
- 6 Name of the project / business activity proposed : **FOAM MATTRESS MAKING UNIT**
- 7 Cost of Project : Rs.15.44 Lakhs
- 8 Means of Finance
Term Loan Rs.9.9 Lakhs
Own Capital Rs.1.54 Lakhs
Working Capital Rs.4 Lakhs
- 9 Debt Service Coverage Ratio : 2.76
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 29%
- 13 Employment : 8 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Relax Foam,Memory Foam,Quilt Fabric,Thread,Cotton Fabric Roll
- 16 Estimated Annual Sales Turnover (Max Capacity) : 128.37 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	4.00
Building / Shed 1000 Sq ft	5.80
Plant & Machinery	1.20
Furniture & Fixtures	4.44
Working Capital	15.44
Total	15.44

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.54
Working Capital(Finance)	4.00
Term Loan	9.90
Total	15.44

FOAM MATTRESS

Introduction: A mattress is a large pad for supporting the reclining body, used as or on a bed. Mattresses may consist of a quilted or similarly fastened case, usually of heavy cloth, that contains hair, straw, cotton, foam rubber, etc.; a framework of metal springs; or they may be inflatable. Mattresses are usually placed on top of a bed base which may be solid, as in the case of a platform bed, or elastic, e.g. with an upholstered wood and wire box spring or a slatted foundation. Foam mattresses rely on air trapped within aerated substances (rather than springs) to offer support and bounce. Foam mattresses generally consist of three broad types: polyurethane foam, memory foam, and foam latex.



Benefits & Market Potential: Various benefits are

- Reduce pressure points
- Reduce dust mites

- Prevent motion disruption
- Support different sleep positions

India's overall mattress market has grown at a CAGR of above 11% over the last five years. The unorganised sector primarily dominated the Indian mattress market, but with increasing awareness and an increase in the earning capability of consumers helped in the growth of the organised industry which has grown nearly at a CAGR of 17% in last five years. In India, with rise in population, the numbers of households are also increasing. Rise in number of households are increasing the demand for memory foam mattress in India.

Machinery Requirements: Basic machines & equipments are as follows:

S No.	Machine	Unit	Price
1.	Tape Edge Machine Automatic with Ctech Looper Head: Table size 75*55	1	476000
2.	Juki machine	1	22000
3.	Hand foam cutter	1	15000
4.	Cloth cutter	2	7000
5.	Compressor(Optional)	1	60000
	Total Amount		580000

Raw material: Major raw materials required are as follows:

1. Relax Foam
2. Memory Foam
3. Quilt Fabric
4. Thread
5. Cotton Fabric Roll

Average raw material cost per unit of Form Mattress (6*4 inches) is Rs.3000

Manufacturing Process: Following steps are required to manufacture Form Mattress:

- Procurement of raw material from vendor.
- Cutting of foam as per Dimensions and demand of the mattress.
- After Cutting of foam memory foam layer is pasted on the relax foam with the help of gum.
- Fabrication of Quilt on the on the foam sheets and cutting of quilt fabric according to the size of mattress.
- Stitching of mattress quilt from front, side and base fabric piece with the help of stitching machine.
- Final checking of mattress and packaging of goods.

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 1000 to 1500Sqft. Civil Work cost will be Rs. 4 Lacs (Approx.)

Power Requirement: The power consumption required to run all the machinery could be approximated as 20hp

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 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and 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.

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 CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	1.54	-			
Reserve & Surplus	3.43	4.83	6.36	8.46	10.64
Depriciation & Exp. W/off	1.39	1.21	1.05	0.91	0.80
Increase In Cash Credit	4.00				
Increase In Term Loan	9.90	-	-	-	-
Increase in Creditors	3.04	0.41	0.42	0.43	0.42
TOTAL :	23.30	6.44	7.83	9.80	11.85
APPLICATION OF FUND					
Increase in Fixed Assets	11.00	-	-	-	-
Increase in Stock	4.32	0.59	0.61	0.63	0.63
Increase in Debtors	3.92	0.68	0.58	0.61	0.63
Repayment of Term Loan	1.10	2.20	2.20	2.20	2.20
Taxation	-	-	0.95	2.11	3.19
Drawings	2.00	2.50	3.00	4.00	5.00
TOTAL :	22.34	5.97	7.35	9.55	11.66
Opening Cash & Bank Balance	-	0.96	1.43	1.92	2.17
Add : Surplus	0.96	0.47	0.48	0.25	0.20
Closing Cash & Bank Balance	0.96	1.43	1.92	2.17	2.36

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	2.97	5.30	7.71	10.05
Add: Additions	1.54	-	-	-	-
Add: Net Profit	3.43	4.83	5.41	6.34	7.45
Less: Drawings	2.00	2.50	3.00	4.00	5.00
Closing Balance	2.97	5.30	7.71	10.05	12.50
CC Limit	4.00	4.00	4.00	4.00	4.00
Term Loan	8.80	6.60	4.40	2.20	-
Sundry Creditors	3.04	3.44	3.86	4.29	4.71
TOTAL :	18.81	19.34	19.97	20.55	21.21
APPLICATION OF FUND					
Fixed Assets (Gross)	11.00	11.00	11.00	11.00	11.00
Gross Dep.	1.39	2.60	3.65	4.56	5.36
Net Fixed Assets	9.61	8.40	7.35	6.44	5.64
Current Assets					
Sundry Debtors	3.92	4.60	5.18	5.79	6.42
Stock in Hand	4.32	4.91	5.52	6.15	6.79
Cash and Bank	0.96	1.43	1.92	2.17	2.36
TOTAL :	18.81	19.34	19.97	20.55	21.21

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	78.30	91.94	103.64	115.78	128.37
Total (A)	78.30	91.94	103.64	115.78	128.37
B) COST OF SALES					
Raw Material Consumed	60.75	68.85	77.22	85.86	94.19
Electricity Expenses	1.45	1.61	1.77	1.93	2.10
Repair & Maintenance	1.57	1.84	2.07	2.32	2.57
Labour & Wages	5.54	6.04	6.53	6.98	7.47
Depreciation	1.39	1.21	1.05	0.91	0.80
Cost of Production	70.70	79.55	88.64	98.01	107.12
Add: Opening Stock /WIP	-	2.30	2.61	2.95	3.29
Less: Closing Stock /WIP	2.30	2.61	2.95	3.29	3.65
Cost of Sales (B)	68.41	79.23	88.31	97.66	106.76
C) GROSS PROFIT (A-B)	9.89	12.71	15.32	18.12	21.61
	12.64%	13.82%	14.79%	15.65%	16.84%
D) Bank Interest (Term Loan)	1.07	0.88	0.64	0.39	0.15
ii) Interest On Working Capital	0.44	0.44	0.44	0.44	0.44
E) Salary to Staff	3.78	4.73	5.81	6.51	7.81
F) Selling & Adm Expenses Exp.	1.17	1.84	2.07	2.32	2.57
TOTAL (D+E)	6.47	7.88	8.96	9.66	10.97
H) NET PROFIT	3.43	4.83	6.36	8.46	10.64
	4.4%	5.3%	6.1%	7.3%	8.3%
I) Taxation	-	-	0.95	2.11	3.19
J) PROFIT (After Tax)	3.43	4.83	5.41	6.34	7.45

COMPUTATION OF MAKING OF FOAM MATTRESS			
Item to be Manufactured Foam Mattress			
Manufacturing Capacity per day		15	Unit
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		4,500	Unit
Total Production per Annum		4,500	Unit
Year		Capacity Utilisation	FOAM MATTRESS
I		45%	2,025.00
II		50%	2,250.00
III		55%	2,475.00
IV		60%	2,700.00
V		65%	2,925.00

Raw Material Consumed	Capacity Utilisation	Rate	Amount (Rs.)
I	45%	3000.00	60.75
II	50%	3060.00	68.85
III	55%	3120.00	77.22
IV	60%	3180.00	85.86
V	65%	3220.00	94.19

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	67.50	75.00	82.50	90.00
Production	2,025.00	2,250.00	2,475.00	2,700.00	2,925.00
Less : Closing Stock(10 Days)	67.50	75.00	82.50	90.00	97.50
Net Sale	1,957.50	2,242.50	2,467.50	2,692.50	2,917.50
Sale Price per Unit	4,000.00	4,100.00	4,200.00	4,300.00	4,400.00
Sale (in Lacs)	78.30	91.94	103.64	115.78	128.37

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.30	2.61	2.95	3.29	3.65
Raw Material					
(10 Days requirement)	2.03	2.30	2.57	2.86	3.14
Closing Stock	4.32	4.91	5.52	6.15	6.79

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.32		
Less:			
Sundry Creditors	3.04		
Paid Stock	1.28	0.13	1.15
Sundry Debtors	3.92	0.39	3.52
Working Capital Requirement			4.68
Margin			0.52
MPBF			4.68
Working Capital Demand			4.00

BREAK UP OF LABOUR				
Particulars		Wages Per Month	No of Employees	Total Salary
Supervisor		12,000.00	1	12,000.00
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		8,000.00	1	8,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				44,000.00
Add: 5% Fringe Benefit				2,200.00
Total Labour Cost Per Month				46,200.00
Total Labour Cost for the year (In Rs. Lakhs)			5	5.54

BREAK UP OF SALARY				
Particulars		Salary Per Month	No of Employees	Total Salary
Manager		12,000.00	1	12,000.00
Accountant cum store keeper		10,000.00	1	10,000.00
Sales		8,000.00	1	8,000.00
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. Lakhs)			3	3.78

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	4.00	5.80	1.20	11.00
	-	4.00	5.80	1.20	11.00
		-	-	-	
TOTAL		4.00	5.80	1.20	11.00
Less : Depreciation	-	0.40	0.87	0.12	1.39
WDV at end of Ist year	-	3.60	4.93	1.08	9.61
Additions During The Year	-	-	-	-	-
	-	3.60	4.93	1.08	9.61
Less : Depreciation	-	0.36	0.74	0.11	1.21
WDV at end of IInd Year	-	3.24	4.19	0.97	8.40
Additions During The Year	-	-	-	-	-
	-	3.24	4.19	0.97	8.40
Less : Depreciation	-	0.32	0.63	0.10	1.05
WDV at end of IIIrd year	-	2.92	3.56	0.87	7.35
Additions During The Year	-	-	-	-	-
	-	2.92	3.56	0.87	7.35
Less : Depreciation	-	0.29	0.53	0.09	0.91
WDV at end of IV year	-	2.62	3.03	0.79	6.44
Additions During The Year	-	-	-	-	-
	-	2.62	3.03	0.79	6.44
Less : Depreciation	-	0.26	0.45	0.08	0.80
WDV at end of Vth year	-	2.36	2.57	0.71	5.64

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	9.90	9.90	0.27	-	9.90
	IInd Quarter	9.90	-	9.90	0.27	-	9.90
	IIIrd Quarter	9.90	-	9.90	0.27	0.55	9.35
	Ivth Quarter	9.35	-	9.35	0.26	0.55	8.80
					1.07	1.10	
II	Opening Balance						
	Ist Quarter	8.80	-	8.80	0.24	0.55	8.25
	IInd Quarter	8.25	-	8.25	0.23	0.55	7.70
	IIIrd Quarter	7.70	-	7.70	0.21	0.55	7.15
	Ivth Quarter	7.15		7.15	0.20	0.55	6.60
					0.88	2.20	
III	Opening Balance						
	Ist Quarter	6.60	-	6.60	0.18	0.55	6.05
	IInd Quarter	6.05	-	6.05	0.17	0.55	5.50
	IIIrd Quarter	5.50	-	5.50	0.15	0.55	4.95
	Ivth Quarter	4.95		4.95	0.14	0.55	4.40
					0.64	2.20	
IV	Opening Balance						
	Ist Quarter	4.40	-	4.40	0.12	0.55	3.85
	IInd Quarter	3.85	-	3.85	0.11	0.55	3.30
	IIIrd Quarter	3.30	-	3.30	0.09	0.55	2.75
	Ivth Quarter	2.75		2.75	0.08	0.55	2.20
					0.39	2.20	
V	Opening Balance						
	Ist Quarter	2.20	-	2.20	0.06	0.55	1.65
	IInd Quarter	1.65	-	1.65	0.05	0.55	1.10
	IIIrd Quarter	1.10	-	1.10	0.03	0.55	0.55
	Ivth Quarter	0.55		0.55	0.02	0.55	-
					0.15	2.20	

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

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	4.82	6.04	6.46	7.26	8.24
Interest on Term Loan	1.07	0.88	0.64	0.39	0.15
Total	5.89	6.91	7.10	7.65	8.40
<u>REPAYMENT</u>					
Repayment of Term Loan	1.10	2.20	2.20	2.20	2.20
Interest on Term Loan	1.07	0.88	0.64	0.39	0.15
Total	2.17	3.08	2.84	2.59	2.35
DEBT SERVICE COVERAGE RATIO	2.71	2.25	2.50	2.95	3.57
<u>AVERAGE D.S.C.R.</u>			2.76		

COMPUTATION OF ELECTRICITY			
(A) POWER CONNECTION			
Total Working Hour per day	Hours	8	
Electric Load Required	HP	20	
Load Factor		0.7460	
Electricity Charges	per unit	7.50	
Total Working Days		300	
Electricity Charges			2,68,560.00
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%			3.22
Year	Capacity		Amount
			(in Lacs)
I	45%		1.45
II	50%		1.61
III	55%		1.77
IV	60%		1.93
V	65%		2.10

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