

UP MSME 1-Connect

PROJECT REPORT

PROJECT: LAMINATE WOOD FLOORING

PROJECT REPORT

Of

LAMINATE WOOD FLOORING

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding laminate wood flooring Manufacturing 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.]

PROJECT AT GLANCE

1 Name of Proprietor/Director	XXXXXXXXXX
2 Firm Name	XXXXXXXXXX
3 Registered Address	XXXXXXXXXX
4 Nature of Activity	XXXXXXXXXX
5 Category of Applicant	XXXXXXXXXX
6 Location of Unit	XXXXXXXXXX
7 Cost of Project	23.17 Rs. In Lakhs
8 Means of Finance	
i) Own Contribution	2.32 Rs. In Lakhs
ii) Term Loan	16.20 Rs. In Lakhs
iii) Working Capital	4.65 Rs. In Lakhs
9 Debt Service Coverage Ratio	3.15
10 Break Even Point	23%
11 Power Requiremnet	40 KW
12 Employment	10 Persons
13 Major Raw Materials	Wear resistant paper, melamine wood grain paper, substrate and balance sheet

14 Details of Cost of Project & Means of Finance

Cost of Project	Amount in Lacs
Particulars	Amount
Land and building	Owned/Leased
Plant & Machinery	17.00
Furniture & Fixture	-
Other Misc Assets	1.00
Working Capital Requirement	5.17
Total	23.17
Means of Finance	
Particulars	Amount
Own Contribution	2.32
Term Loan	16.20
Working capital Loan	4.65
Total	23.17

1. INTRODUCTION



Laminate flooring is a multi-layer synthetic flooring product fused together with a lamination process. Laminate flooring simulates wood (or sometimes stone) with a photographic applique layer under a clear protective layer. The inner core layer is usually composed of melamine resin and fiber board materials. Laminate flooring has grown significantly in popularity, perhaps because it may be easier to install and maintain than more traditional surfaces such as hardwood flooring. It may also have the advantages of costing less and requiring less skill to install than alternative flooring materials. It is reasonably durable, hygienic (several brands contain an antimicrobial resin), and relatively easy to maintain.

Laminate floors are reasonably easy for a DIY homeowner to install. Laminate flooring is packaged as a number of tongue and groove planks, which can be clicked into one another. Sometimes a glue backing is provided for ease of installation. Installed laminate floors typically "float" over the sub-floor on top of a foam/film underlayment, which provides moisture- and sound-reducing properties. A small (1–10 millimetres (0.039–0.394 in)) gap is required between the flooring and any immovable object such as walls, this allows the flooring to expand without being obstructed. Baseboards (skirting boards) can be removed and then reinstalled after laying of the flooring is complete for a neater finish, or the baseboard can be left in place with the flooring butted into it, then small beading trims such as shoe moulding or the larger quarter-round moulding can be fitted to the bottoms of the baseboards.

2 PRODUCT DESCRIPTION

2.1 PRODUCT USES

Laminate floors are a hybrid floor covering consisting of a particleboard wood base topped by an image layer and a transparent wear layer. Laminate floors are a popular type of floor covering for homes' living areas, kitchens, dining areas, bedrooms, hallways, and other areas that are not subject to excessive moisture.

2.2 MANUFACTURING PROCESS

1. Before pressing (manual or automatic)

- ✓ Clean the wear-resistant paper/melamine woodgrain paper/balance paper
- ✓ Spread the balance paper in the bottom, then HDF/woodgrain paper/wear-resistant paper in sequence;
- ✓ Convey the sandwich structure into main press

2. Pressing

- ✓ The temperature of heating plate is 170-210 °C, pressure is around 25Mpa. Temperature and pressure will be adjusted by the paper weight.
- ✓ In pressing, we will make many types of laminate flooring, like. The different designs or grains are on the stainless-steel mold plates.
- ✓ The heating plate will go down press the sandwich structure and keep the pressure for several seconds. The cycle time is around 45 seconds.

3. Manual Discharge:

- ✓ After pressing process finished, heating plate goes up and workers push the finished panel out of the main press with wood sticks to the discharge shelf

4. Cooling Shelf:

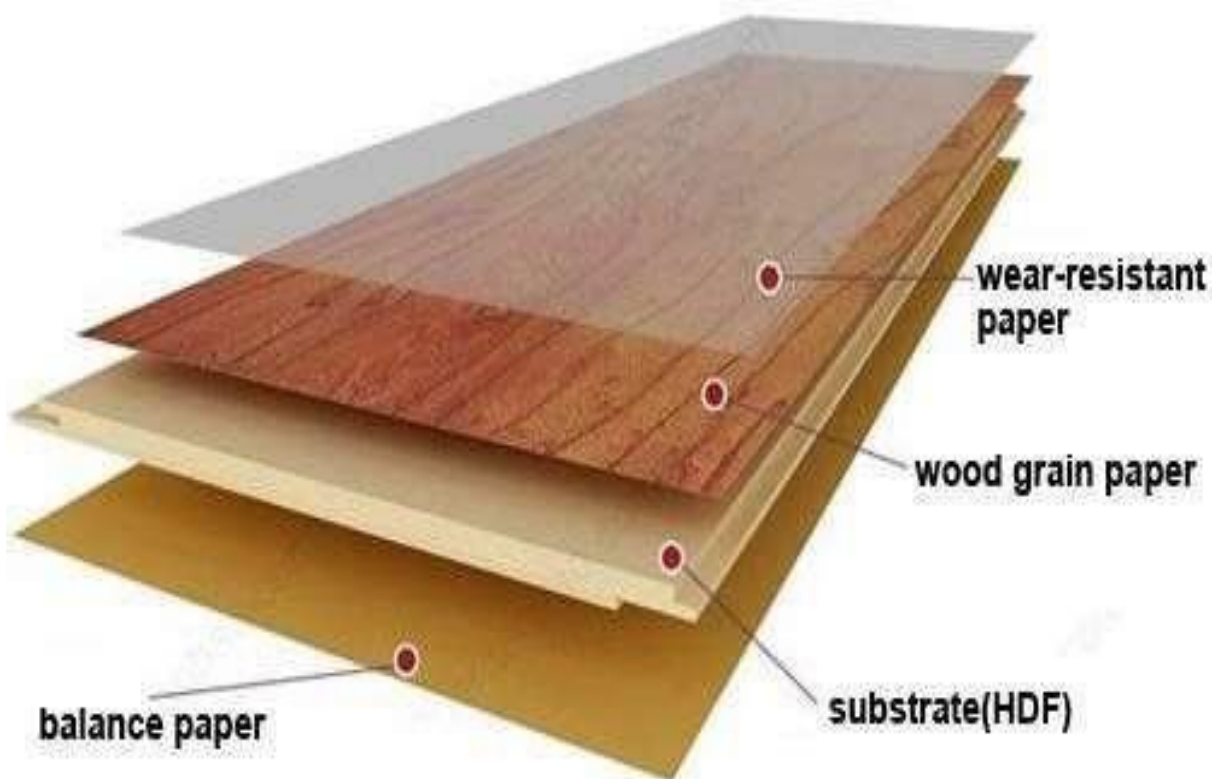
- ✓ The finished panel will be conveyed to cooling shelf one by one

5. Cutting the board: After cooling, we will cut the boards into 2 pieces or 3 pieces then cutting into flooring pieces.

6. Balance in condition room: The boards after cutting need fit the temperature and moisture in the factory. The flooring boards need stay in the conditioning room for 1 week in summer and 3-5 days in winter. Without balance, the laminate flooring boards will have the problems of bending, cupping and warping.

7. Tongue and Groove: Square edge and moulded edges flooring are the final product. For U or V grooves flooring, the edges will be sealed by wax.

8. Package: Final step is the packing. Laminate flooring will be packed by carton and pallet.



3 PROJECT COMPONENTS

3.1 Land & Building

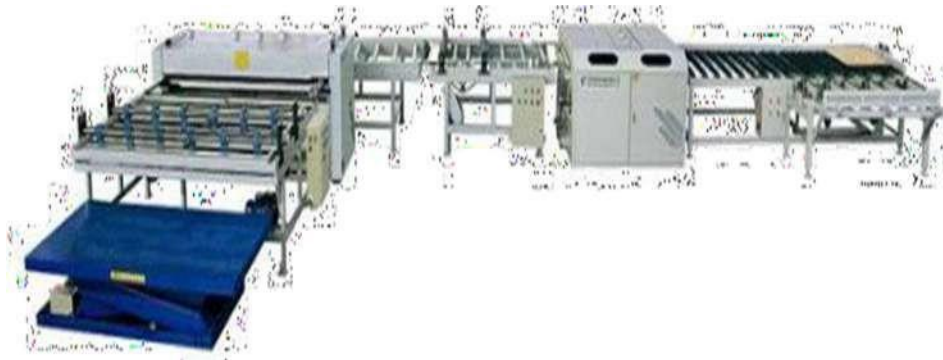
The land required for this manufacturing unit will be approx. around 2000 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.30,000 per month.

- **Workshop Area-** This area includes the setup and foundation space for all equipment's, work floor area, etc. Total workshop area is approx.1000 Sqft.
- **Inventory Area-** This area includes the storage space for all the raw materials and finished goods. Total inventory area is approx. 500 Sqft.
- **Office Area –** This space includes staff working region, their accommodation space. Total workshop area is approx. 300 Sqft. This may be considered above the ground floor.
- **Parking Space, Electric Mounting Space, and Others.** This could be approx. 200 Sqft.

Land and building requirement may vary depending on the size of project.

3.2 Plant & Machinery

- **Multi-rips cutting line:** This is use to cut the all-laminated sheets in equal size before pressing.



- **Laminate flooring DET (Double End Tenoner) production line:** In this process the all sheets are used to pressed and form a single sheet.



- **Automatic painting & waxing line:** In this process the printing on laminated sheet has been done.



- **Automatic film shrinks packing line:** In this process further shrink has been done to produce the final product.



Machine	Quantity	Price
Multi-rips cutting line	1	3,00,000
Laminate flooring DET (Double End Tenoner) production line	1	7,00,000
Automatic painting & waxing line	1	3,00,000
Automatic film shrinks packing line	1	4,00,000
TOTAL		17,00,000

Note: Total Machinery cost shall be Rs 17.00 lakhs (Approx.) including GST and Transportation Cost.

4 LICENSE & APPROVALS

Basic registration required in this project:

- MSME Udyam registration
- GST registration
- NOC for fire safety board
- NOC from Pollution Control Board
- Trade License
- Factory License (Optional)
- Import/Export License (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Projected Profitability

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	30%	35%	40%	45%	50%
<u>SALES</u>					
Gross Sale					
Laminate Wood flooring	140.64	175.81	210.58	247.76	290.32
Total	140.64	175.81	210.58	247.76	290.32
<u>COST OF SALES</u>					
Raw Material Consumed	96.30	117.60	141.60	167.40	195.00
Electricity Expenses	2.30	2.69	3.07	3.46	3.84
Depreciation	2.70	2.30	1.95	1.66	1.41
Wages & labour	13.32	17.05	19.44	21.38	26.08
Repair & maintenance	2.81	3.16	3.79	4.46	5.23
Packaging	3.52	4.40	5.26	6.19	7.26
Cost of Production	120.95	147.19	175.11	204.55	238.82
Add: Opening Stock	-	2.82	3.43	4.09	4.77
Less: Closing Stock	2.82	3.43	4.09	4.77	5.57
Cost of Sales	118.13	146.58	174.46	203.86	238.02
GROSS PROFIT	22.51	29.23	36.12	43.89	52.30
	16.01%	16.63%	17.15%	17.72%	18.02%
Salary to Staff	7.44	10.27	12.73	16.30	19.56
Interest on Term Loan	1.59	1.40	1.01	0.61	0.21
Interest on working Capital	0.51	0.51	0.51	0.51	0.51
Rent	3.60	3.78	3.97	4.17	4.38
Selling & Administrative Exp.	4.22	5.27	6.32	7.43	8.71
TOTAL	17.36	21.24	24.54	29.02	33.37
NET PROFIT	5.15	8.00	11.59	14.88	18.94
	3.66%	4.55%	5.50%	6.00%	6.52%
Taxation	0.03	0.62	1.49	1.83	3.10
PROFIT (After Tax)	5.12	7.37	10.09	13.04	15.84

Projected Balance Sheet

<u>PROJECTED BALANCE SHEET</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		2.63	5.11	8.10	11.34
Add:- Own Capital	2.32				
Add:- Retained Profit	5.12	7.37	10.09	13.04	15.84
Less:- Drawings	4.80	4.90	7.10	9.80	12.05
Closing Balance	2.63	5.11	8.10	11.34	15.13
Term Loan	14.40	10.80	7.20	3.60	-
Working Capital Limit	4.65	4.65	4.65	4.65	4.65
Sundry Creditors	1.61	1.96	2.36	2.79	3.25
Provisions & Other Liability	0.20	0.24	0.29	0.35	0.41
TOTAL :	23.49	22.76	22.59	22.72	23.44
<u>Assets</u>					
Fixed Assets (Gross)	18.00	18.00	18.00	18.00	18.00
Gross Dep.	2.70	5.00	6.95	8.60	10.01
Net Fixed Assets	15.30	13.01	11.05	9.40	7.99
Current Assets					
Sundry Debtors	2.34	2.93	3.51	4.13	4.84
Stock in Hand	4.43	5.39	6.45	7.56	8.82
Cash and Bank	0.22	0.13	0.18	0.14	0.19
Loans & Advances /Other Current Assets	1.20	1.30	1.40	1.50	1.60
TOTAL :	23.49	22.76	22.59	22.72	23.44

Projected Cash Flow Statement

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.32				
Net Profit	5.15	8.00	11.59	14.88	18.94
Depreciation & Exp. W/off	2.70	2.30	1.95	1.66	1.41
Increase in Cash Credit	4.65	-	-	-	-
Increase In Term Loan	16.20	-	-	-	-
Increase in Creditors	1.61	0.36	0.40	0.43	0.46
Increase in Provisions & Oth liabilities	0.20	0.04	0.05	0.06	0.07
	-				
TOTAL :	32.82	10.69	13.98	17.02	20.88
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	18.00				
Increase in Stock	4.43	0.97	1.05	1.12	1.26
Increase in Debtors	2.34	0.59	0.58	0.62	0.71
Repayment of Term Loan	1.80	3.60	3.60	3.60	3.60
Loans & Advances /Other Current Assets	1.20	0.10	0.10	0.10	0.10
Drawings	4.80	4.90	7.10	9.80	12.05
Taxation	0.03	0.62	1.49	1.83	3.10
TOTAL :	32.60	10.78	13.93	17.07	20.82
Opening Cash & Bank Balance	-	0.22	0.13	0.18	0.14
Add : Surplus	0.22	(0.09)	0.06	(0.05)	0.06
Closing Cash & Bank Balance	0.22	0.13	0.18	0.14	0.19

DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	7.82	9.67	12.04	14.70	17.25
Interest on Term Loan	1.59	1.40	1.01	0.61	0.21
Total	9.41	11.07	13.05	15.31	17.46
REPAYMENT					
Instalment of Term Loan	1.80	3.60	3.60	3.60	3.60
Interest on Term Loan	1.59	1.40	1.01	0.61	0.21
Total	3.39	5.00	4.61	4.21	3.81
DEBT SERVICE COVERAGE RATIO	2.77	2.21	2.83	3.64	4.58
AVERAGE D.S.C.R.					3.15

Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	16.20	16.20	-	-	16.20
	2nd month	16.20	-	16.20	0.15	-	16.20
	3rd month	16.20	-	16.20	0.15	-	16.20
	4th month	16.20	-	16.20	0.15		16.20
	5th month	16.20	-	16.20	0.15		16.20
	6th month	16.20	-	16.20	0.15		16.20
	7th month	16.20	-	16.20	0.15	0.30	15.90
	8th month	15.90	-	15.90	0.15	0.30	15.60
	9th month	15.60	-	15.60	0.14	0.30	15.30
	10th month	15.30	-	15.30	0.14	0.30	15.00
	11th month	15.00	-	15.00	0.14	0.30	14.70
	12th month	14.70	-	14.70	0.13	0.30	14.40
					1.59	1.80	
2nd	Opening Balance						
	1st month	14.40	-	14.40	0.13	0.30	14.10
	2nd month	14.10	-	14.10	0.13	0.30	13.80
	3rd month	13.80	-	13.80	0.13	0.30	13.50
	4th month	13.50	-	13.50	0.12	0.30	13.20
	5th month	13.20	-	13.20	0.12	0.30	12.90
	6th month	12.90	-	12.90	0.12	0.30	12.60

	7th month	12.60	-	12.60	0.12	0.30	12.30
	8th month	12.30	-	12.30	0.11	0.30	12.00
	9th month	12.00	-	12.00	0.11	0.30	11.70
	10th month	11.70	-	11.70	0.11	0.30	11.40
	11th month	11.40	-	11.40	0.10	0.30	11.10
	12th month	11.10	-	11.10	0.10	0.30	10.80
					1.40	3.60	
3rd	Opening Balance						
	1st month	10.80	-	10.80	0.10	0.30	10.50
	2nd month	10.50	-	10.50	0.10	0.30	10.20
	3rd month	10.20	-	10.20	0.09	0.30	9.90
	4th month	9.90	-	9.90	0.09	0.30	9.60
	5th month	9.60	-	9.60	0.09	0.30	9.30
	6th month	9.30	-	9.30	0.09	0.30	9.00
	7th month	9.00	-	9.00	0.08	0.30	8.70
	8th month	8.70	-	8.70	0.08	0.30	8.40
	9th month	8.40	-	8.40	0.08	0.30	8.10
	10th month	8.10	-	8.10	0.07	0.30	7.80
	11th month	7.80	-	7.80	0.07	0.30	7.50
	12th month	7.50	-	7.50	0.07	0.30	7.20
					1.01	3.60	
4th	Opening Balance						
	1st month	7.20	-	7.20	0.07	0.30	6.90
	2nd month	6.90	-	6.90	0.06	0.30	6.60
	3rd month	6.60	-	6.60	0.06	0.30	6.30

	4th month	6.30	-	6.30	0.06	0.30	6.00
	5th month	6.00	-	6.00	0.05	0.30	5.70
	6th month	5.70	-	5.70	0.05	0.30	5.40
	7th month	5.40	-	5.40	0.05	0.30	5.10
	8th month	5.10	-	5.10	0.05	0.30	4.80
	9th month	4.80	-	4.80	0.04	0.30	4.50
	10th month	4.50	-	4.50	0.04	0.30	4.20
	11th month	4.20	-	4.20	0.04	0.30	3.90
	12th month	3.90	-	3.90	0.04	0.30	3.60
					0.61	3.60	
5th	Opening Balance						
	1st month	3.60	-	3.60	0.03	0.30	3.30
	2nd month	3.30	-	3.30	0.03	0.30	3.00
	3rd month	3.00	-	3.00	0.03	0.30	2.70
	4th month	2.70	-	2.70	0.02	0.30	2.40
	5th month	2.40	-	2.40	0.02	0.30	2.10
	6th month	2.10	-	2.10	0.02	0.30	1.80
	7th month	1.80	-	1.80	0.02	0.30	1.50
	8th month	1.50	-	1.50	0.01	0.30	1.20
	9th month	1.20	-	1.20	0.01	0.30	0.90
	10th month	0.90	-	0.90	0.01	0.30	0.60
	11th month	0.60	-	0.60	0.01	0.30	0.30
	12th month	0.30	-	0.30	0.00	0.30	-
					0.21	3.60	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
	REPAYMENT PERIOD	6		MONTHS			
		54		MONTHS			

DISCLAIMER

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