

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

ADJUSTABLE HOSPITAL BEDS

PROJECT REPORT

Of

ADJUSTABLE HOSPITAL BEDS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Adjustable Hospital Beds**.

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 A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxxxxxxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **Adjustable Hospital Beds**
- 6 Name of the project / business activity proposed : **Adjustable Hospital Beds Manufacturing Unit**
- 7 Cost of Project : Rs.12.93 Lakhs
- 8 Means of Finance
- Term Loan Rs.8.64 Lakhs
- Own Capital Rs.1.29 Lakhs
- Working Capital Rs.3 Lakhs
- 9 Debt Service Coverage Ratio : 2.64
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 38%
- 13 Employment : 7 Persons
- 14 Power Requirement : 10 HP
- 15 Major Raw materials : Pipes, MS Angles, Strips etc
- Estimated Annual Sales Turnover (Max Utilized Capacity) : 54.58 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 2000 Sq ft	Own/Rented
Plant & Machinery	8.10
Furniture & Fixtures	1.50
Working Capital	3.33
Total	12.93

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.29
Term Loan	8.64
Working Capital	3.00
Total	12.93

PROJECT PROFILE ON
ADJUSTABLE HOSPITAL BED



PRODUCT & ITS USES

Adjustable hospital beds are made of steel & normally used in Govt. Hospital, Private Hospital, & Nursing homes etc. There are two types of hospital beds namely:

- i) General purpose Hospital Bed Steeds
- ii) Fowlers Hospital Beds

MARKET POTENTIAL

The demands for adjustable beds are increasing day by day due to the following reasons:

- i) Increase the number of Hospitals in private sector& their expansion
- ii) Increase in number of private & Government nursing homes & their expansion.

The Govt. is encouraging new hospitals & nursing homes in private sectors in order to increase treatment facilities in accordance with the development in public health sector & as such it is likely to be a steady increase in the demand for hospital furniture. However, the growth rate is expected to be more than 5% to 8% per year and as such it may be ideal for the existing steel furniture manufacturer units to take up this activity for not only as diversification but also better capacity utilization by installing a few balancing equipments.

PRODUCTION TARGET

It is proposed to manufacturer 600 adjustable Beds per annum

BASIS & ASSUMPTIONS

- i) This project profile is based on 8 working hours a day and 25 days in a month and the break even efficiency has been calculated on 60% capacity utilization basis.
- ii) The gestation period in implementation of the project may be about 8 to 12 months. This period included making all arrangements, completion of all formalities, market surveys and tie ups, financial arrangements, purchase of machines, recruitment of staff, commissioning of plant and trial production etc.
- iii) The normal wages and salaries being paid in the industry to various grades of personnel have been considered and also the provision of minimum wages has been taken care of.
- iv) The rate of interest both for fixed and working capital have been taken as 11.50% P.A.
- v) The payback period for finance to the financial institutions may be about 5 years in case of term loan. The working capital loan may however be in a shape of rolling/limit based capital.

IMPLEMENTATION SCHEDULE:

Implementation of the project involve various activities like market surveys and tie-ups, procurement of know-how, arrangement of premises/ land, building, preparation of project report, registration, financing, purchase of machines, commissioning of project, recruitment of staff and training, arrangement of power, procurement of raw materials, packing materials, trial production etc. in order to implement the project efficiently and in the shortest period there is a need to initiate many activities simultaneously as far as possible. This will not only cut the slack period but also will give quick results and be cost effective. It is advised to follow PERT/CPM/NET WORK analysis technique for implementation along with their estimated time requirement is given below:

S.No.	Activity	Estimated period required
1.	Market survey	15-20 days
2.	Procurement of know-how/experts	30 days
3.	Arrangement of premises	30-45 days
4.	Obtaining quotations and preparation of project report.	15-20 days
5.	Registration and financing.	45-60 days
6.	Recruitment of personnel and training.	30-45 days
7.	Obtaining power connection.	15-30 days
8.	Procurement of machines and equipments.	45-60 days

9.	Installation and electrification of machinery.	20-30 days
10.	Procurement of raw materials, consumables, packing materials etc.	5-10 days
11.	Product development/trial production.	5-10 days
12.	Commercial production.	5 days.

PRODUCTION DETAILS & PROCESS OF MANUFACTURING:

The basic operations involved in the manufacturing of adjustable beds are as follows:

- i) Cutting & bending of pipes
- ii) Cutting of MS angles
- iii) Cutting of strips
- iv) Welding & Riveting
- v) Grinding
- vi) Assembly of elevating mechanism
- vii) Painting & baking.

INSPECTION & QUALITY CONTROL

IS: 7378-1974 specifies dimensional & other requirements of fowler's beds used in hospitals. The above specifications may be followed for quality control.

ENERGY CONSERVATION

This industry is not a large power consuming industry; however maximum care should be taken in utilization of electrical energy.

POLLUTION CONTROL

These types of industries are not producing any effluents or any other polluting materials. Therefore pollution control measures are not taken into account.

PRODUCTION CAPACITY:

This unit is envisaged to produce 600 Nos. of different types of hospital beds to the worth of Rs.89.55 Lacs.

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Capital Account					
Opening Balance	-	1.72	2.21	3.74	5.55
Add: Additions	1.29	-	-	-	-
Add: Net Profit	1.43	2.99	4.54	5.81	7.38
Less: Drawings	1.00	2.50	3.00	4.00	5.00
Closing Balance	1.72	2.21	3.74	5.55	7.93
CC Limit	3.00	3.00	3.00	3.00	3.00
Term Loan	7.68	5.76	3.84	1.92	-
Sundry Creditors	0.29	0.33	0.38	0.43	0.48
TOTAL :	12.69	11.30	10.96	10.90	11.41
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	9.60	9.60	9.60	9.60	9.60
Gross Dep.	1.37	2.53	3.53	4.39	5.12
Net Fixed Assets	8.24	7.07	6.07	5.21	4.48
Current Assets					
Sundry Debtors	1.60	1.88	2.14	2.43	2.73
Stock in Hand	2.04	2.29	2.58	2.90	3.24
Cash and Bank	0.82	0.06	0.17	0.37	0.96
TOTAL :	12.69	11.30	10.96	10.90	11.41

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	31.90	37.70	42.89	48.50	54.58
Total (A)	31.90	37.70	42.89	48.50	54.58
B) COST OF SALES					
Raw Mateiral Consumed	17.55	20.10	22.86	25.85	29.08
Electricity Expenses	1.23	1.34	1.46	1.57	1.68
Repair & Maintenance	0.16	0.19	0.21	0.24	0.27
Labour & Wages	5.87	6.46	7.11	7.82	8.60
Depreciation	1.37	1.17	1.00	0.86	0.73
Cost of Production	26.18	29.26	32.64	36.33	40.37
Add: Opening Stock /WIP	-	0.87	0.95	1.06	1.17
Less: Closing Stock /WIP	0.87	0.95	1.06	1.17	1.30
Cost of Sales (B)	25.30	29.18	32.53	36.21	40.24
C) GROSS PROFIT (A-B)	6.60	8.51	10.36	12.29	14.34
	20.68%	22.58%	24.15%	25.34%	26.27%
D) Bank Interest (Term Loan)	0.94	0.77	0.55	0.34	0.13
ii) Interest On Working Capital	0.33	0.33	0.33	0.33	0.33
E) Salary to Staff	2.31	2.54	2.80	3.07	3.38
F) Selling & Adm Expenses Exp.	1.60	1.88	2.14	2.43	2.73
TOTAL (D+E)	5.17	5.52	5.82	6.17	6.57
H) NET PROFIT	1.43	2.99	4.54	6.12	7.77
	4.5%	7.9%	10.6%	12.6%	14.2%
I) Taxation	-	-	-	0.31	0.39
J) PROFIT (After Tax)	1.43	2.99	4.54	5.81	7.38

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.29	-			
Net Profit	1.43	2.99	4.54	6.12	7.77
Depreciation & Exp. W/off	1.37	1.17	1.00	0.86	0.73
Increase In Cash Credit	3.00				
Increase In Term Loan	8.64	-	-	-	-
Increase in Creditors	0.29	0.04	0.05	0.05	0.05
TOTAL :	16.01	4.20	5.58	7.02	8.55
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	9.60	-	-	-	-
Increase in Stock	2.04	0.24	0.29	0.32	0.35
Increase in Debtors	1.60	0.29	0.26	0.28	0.30
Repayment of Term Loan	0.96	1.92	1.92	1.92	1.92
Taxation	-	-	-	0.31	0.39
Drawings	1.00	2.50	3.00	4.00	5.00
TOTAL :	15.20	4.95	5.47	6.83	7.96
Opening Cash & Bank Balance	-	0.82	0.06	0.17	0.37
Add : Surplus	0.82	- 0.75	0.11	0.20	0.60
Closing Cash & Bank Balance	0.82	0.06	0.17	0.37	0.96

COMPUTATION OF ADJUSTABLE HOSPITAL BEDS MANUFACTURING UNIT

Items to be Manufactured Adjustable Hospital Beds

Manufacturing Capacity per Day		2.00	pcs
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		600	pcs
Year		Capacity	Adjustable Hospital Beds
		Utilisation	
I		55%	330
II		60%	360
III		65%	390
IV		70%	420
V		75%	450

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
M.S. angle iron 40 mm x 40mm x3 mm & 38 mm x 38 mm x 3 mm 0.75 MT	30.00	MT	38,000.00	1,140,000.00
M.S.Tubes 38.10 mm OD x 1.6 mm/1.22mm thick 1.5 M.T	40.00	MT	38,000.00	1,520,000.00
M.S. Strips 1.25 mm x 25 mm 0.75 M.T . .Castor wheels 200 Nos.	10.00	MT	35,000.00	350,000.00
Castor wheels	3,600	no.	50.00	180,000.00
Total	70.00			3,190,000.00

Total Raw material in Rs lacs at 100% Capacity (In Rs) 31.90
 Cost per Bed 5,316.70

Raw Material Consumed	Capacity Utilisation	Rate	Amount (Rs.)
I	55%	5,316.70	17.55
II	60%	5,582.50	20.10
III	65%	5,861.60	22.86
IV	70%	6,154.70	25.85
V	75%	6,462.40	29.08

COMPUTATION OF SALE

Particulars	I	II	III	IV	V
Op Stock	-	11.00	12.00	13.00	14.00
Production	330.00	360.00	390.00	420.00	450.00
	330.00	371.00	402.00	433.00	464.00
Less : Closing Stock(10 Days)	11.00	12.00	13.00	14.00	15.00
Net Sale	319.00	359.00	389.00	419.00	449.00
Sale Price per Bed	10,000.00	10,500.00	11,025.00	11,576.00	12,155.00
Sale (in Lacs)	31.90	37.70	42.89	48.50	54.58

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	0.87	0.95	1.06	1.17	1.30
Raw Material					
(20 Days requirement)	1.17	1.34	1.52	1.72	1.94
Closing Stock	2.04	2.29	2.58	2.90	3.24
COMPUTATION OF WORKING CAPITAL REQUIREMENT					
Particulars	Amount	Margin(10%)	Net Amount		
Stock in Hand	2.04				
Less:					
Sundry Creditors	0.29				
Paid Stock	1.75	0.17	1.57		
Sundry Debtors	1.60	0.16	1.44		
Working Capital Requirement			3.01		
Margin				0.33	
MPBF					3.01
Working Capital Demand					3.00

BREAK UP OF LABOUR

Particulars	Wages Per Month	No of Employees	Total Salary
Plant Operator	15,000.00	1	15,000.00
Unskilled Worker	8,500.00	2	17,000.00
Helper	5,000.00	1	5,000.00
Security Guard	7,500.00	1	7,500.00
			44,500.00
Add: 10% Fringe Benefit			4,450.00
Total Labour Cost Per Month			48,950.00
Total Labour Cost for the year (In Rs. Lakhs)		5	5.87

BREAK UP OF SALARY

Particulars	Salary Per Month	No of Employees	Total Salary
Accountant cum store keeper	10,000.00	1	10,000.00
Administrative Staffs	7,500.00	1	7,500.00
Total Salary Per Month			17,500.00
Add: 10% Fringe Benefit			1,750.00
Total Salary for the month			19,250.00
Total Salary for the year (In Rs. Lakhs)		2	2.31

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation			15.00%	10.00%	
Opening Balance	Own/Rented		-	-	-
Addition	-		8.10	1.50	9.60
	-		8.10	1.50	9.60
TOTAL		-	8.10	1.50	9.60
Less : Depreciation	-	-	1.22	0.15	1.37
WDV at end of 1st year	-	-	6.89	1.35	8.24
Additions During The Year	-	-	-	-	-
	-	-	6.89	1.35	8.24
Less : Depreciation	-	-	1.03	0.14	1.17
WDV at end of IIInd Year	-	-	5.85	1.22	7.07
Additions During The Year	-	-	-	-	-
	-	-	5.85	1.22	7.07
Less : Depreciation	-	-	0.88	0.12	1.00
WDV at end of IIIrd year	-	-	4.97	1.09	6.07
Additions During The Year	-	-	-	-	-
	-	-	4.97	1.09	6.07
Less : Depreciation	-	-	0.75	0.11	0.86
WDV at end of IV year	-	-	4.23	0.98	5.21
Additions During The Year	-	-	-	-	-
	-	-	4.23	0.98	5.21
Less : Depreciation	-	-	0.63	0.10	0.73
WDV at end of Vth year	-	-	3.59	0.89	4.48

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	8.64	8.64	0.24	-	8.64
	Iind Quarter	8.64	-	8.64	0.24	-	8.64
	IIIrd Quarter	8.64	-	8.64	0.24	0.48	8.16
	Ivth Quarter	8.16	-	8.16	0.22	0.48	7.68
					0.94	0.96	
II	Opening Balance						
	Ist Quarter	7.68	-	7.68	0.21	0.48	7.20
	Iind Quarter	7.20	-	7.20	0.20	0.48	6.72
	IIIrd Quarter	6.72	-	6.72	0.18	0.48	6.24
	Ivth Quarter	6.24	-	6.24	0.17	0.48	5.76
					0.77	1.92	
III	Opening Balance						
	Ist Quarter	5.76	-	5.76	0.16	0.48	5.28
	Iind Quarter	5.28	-	5.28	0.15	0.48	4.80
	IIIrd Quarter	4.80	-	4.80	0.13	0.48	4.32
	Ivth Quarter	4.32	-	4.32	0.12	0.48	3.84
					0.55	1.92	
IV	Opening Balance						
	Ist Quarter	3.84	-	3.84	0.11	0.48	3.36
	Iind Quarter	3.36	-	3.36	0.09	0.48	2.88
	IIIrd Quarter	2.88	-	2.88	0.08	0.48	2.40
	Ivth Quarter	2.40	-	2.40	0.07	0.48	1.92
					0.34	1.92	
V	Opening Balance						
	Ist Quarter	1.92	-	1.92	0.05	0.48	1.44
	Iind Quarter	1.44	-	1.44	0.04	0.48	0.96
	IIIrd Quarter	0.96	-	0.96	0.03	0.48	0.48
	Ivth Quarter	0.48	-	0.48	0.01	0.48	0.00
					0.13	1.92	

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
<u>CASH ACCRUALS</u>	2.79	4.16	5.53	6.67	8.11
Interest on Term Loan	0.94	0.77	0.55	0.34	0.13
Total	3.73	4.92	6.09	7.01	8.24
<u>REPAYMENT</u>					
Repayment of Term Loan	0.96	1.92	1.92	1.92	1.92
Interest on Term Loan	0.94	0.77	0.55	0.34	0.13
Total	1.90	2.69	2.47	2.26	2.05
DEBT SERVICE COVERAGE RATIO	1.96	1.83	2.46	3.10	4.02
AVERAGE D.S.C.R.			2.64		

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION			
Total Working Hour per day	Hours	8	
Electric Load Required	HP	10	
Load Factor		0.7460	
Electricity Charges	per unit	7.50	
Total Working Days		300	
Electricity Charges			1.34
Add : Minimim Charges (@ 10%)			
(B) DG set			
No. of Working Days		300	days
No of Working Hours		0.5	Hour per day
Total no of Hour		150	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		1,200	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		0.78	
Add : Lube Cost @15%		0.12	
Total		0.90	
Total cost of Power & Fuel at 100%			2.24
Year	Capacity		Amount
			(in Lacs)
I	55%		1.23
II	60%		1.34
III	65%		1.46
IV	70%		1.57
V	75%		1.68

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