MODEL PROJECT REPORT

PROJECT REPORT
ON
ADJUSTABLE
HOSPITAL BED

SWAVALAMBI BHARAT ABHIYAN

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PROJECT AT A GLANCE

1	Name of the Entreprenuer		xxxxxxxxxx
2	Constitution (legal Status)	:	xxxxxxxxxx
3	Father / Spouse Name		xxxxxxxxxxxx
4	Unit Address :		xxxxxxxxxxxxxxxxxxxxxxx
			District : xxxxxxx Pin: xxxxxxx State: xxxxxxxxxx Mobile xxxxxxx
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 Own Capital Working Capital		 Rs.8.64 Lakhs Rs.1.29 Lakhs 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
16	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 WORKanalysistechnique 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 mechanis
vii) Painting& baking

INSPECTION & QUALITY CONTROL

IS: 7378-1974specifies dimensional & other requirements of fowlers 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
SOURCES OF FUND					
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**
APPLICATION OF FUND					
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
SOURCES OF FUND					
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**
APPLICATION OF FUND					
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 mm0.75 MT	30.00	MT	38,000.00	1,140,000.00
M.S.Tubes 38.10 mm OD x 1.6 mm/1.22mm thick1.5 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		31.90
Cost per Bed		(In Rs)	**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	No of	Total
		Per Month	Employees	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	No of	Total
		Per Month	Employees	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 Ist 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 IInd 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	Cl 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
CASH ACCRUALS	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
REPAYMENT					
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