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TECHNO-ECONOMIC VIABILITY STUDY REPORT OF FOAM MANUFACTURING UNIT (1000MT) SETUP BY M/S VARAHMURTI FLEXIRUB INDUSTRIES PRIVATE LIMITED

- Corporate Valuers
- Business/ Enterprise/ Equity Valuations
- Lender's Independent Engineers (LIE)
- Techno Economic Viability Consultants (TEV)
- Agency for Specialized Financial Monitoring (ASFM)
- Project Techno-Financial Advisors
- Chartered Engineer
- Industry/ Trade Rehabilitation Consultants
- NPA Management
- Panel Valuer & Techno Economic Consultants for PSU Banks

REPORT PREPARED FOR

STATE BANK OF INDIA, SME RANIPUR BRANCH, SECTOR – 5, BHEL, HARIDWAR,
UTTARAKHAND – 249403

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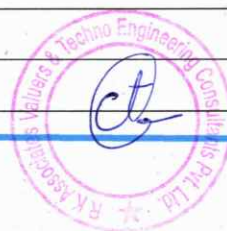
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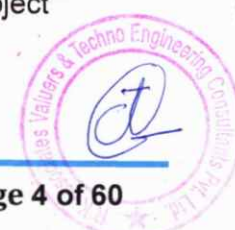
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PART A

REPORT SUMMARY

- 1. Name of the Company:** M/s Varahamurti Flexirub Industries Private Limited
- 2. Address of the Company:** 6715/10, 1st Floor, Pyarela Road, Karol Bagh, New Delhi – 110005
- 3. Project Name:** Foam Manufacturing Unit
- 4. Project Location:** Khasra No. 451A and 451B, Village Poothri, Kalanjari Road, Meerut, Uttar Pradesh – 250205
- 5. Project Type:** Foam provider for mattresses and sleep accessories
- 6. Project Industry:** FMCG (Fast-Moving Consumer Goods) Industry (Household and Personal Product Sector)
- 7. Product Type/ Deliverables:** PU Foams for mattresses and sleep accessories
- 8. Report Prepared for Organization:** State Bank of India, SME Ranipur Branch, Sector – 5, BHEL, Haridwar, Uttarakhand – 249403
- 9. TEV Consultant Firm:** M/s. R.K Associates Valuers & Techno Engineering Consultants (P) Ltd.
- 10. Report type:** Techno-Economic Viability Report
- 11. Purpose of the Report:** To assess Project's Techno-Economic Viability for the purpose of seeking external financial assistance on the Project.
- 12. Scope of the Report:** To assess, evaluate & comment on Techno-Financial Viability of the Project as per data information provided by the client, independent Industry research and data/ information available on public domain.
- 13. Date of Report:** 27th February, 2023
- 14. Documents referred for the Project**
 - A. PROJECT PLANNING DOCUMENTS:**
 1. Project Report for Foam Factory
 2. Financial Projections of the Project
 3. Project proposed Schedule



4. Statutory Approval Details
5. Layout Plan

B. PROCUREMENT DOCUMENTS:

1. High level breakup of Equipment Cost
2. Land details and deeds
3. Quotations of Equipment Required
4. Cost Estimations

15. Means of Finance:

Equity + Debt

16. Key Financial Indicators

Key Indicators	Value
Average Net DSCR	1.73
Maximum Net DSCR	2.66
Average EBITDA Margin	9.48%
Average EBIT Margin	8.83%

Note: Above financial indicators are based on the financial projections of the proposed project provided by the firm and assessment and analysis of the same done by us.



PART B

INTRODUCTION

1. ABOUT THE REPORT:

Techno Economic Viability Study Report of mattresses and sleep accessories manufacturer, M/s Varahamurti Flexirub Industries Private Limited.

2. EXECUTIVE SUMMARY:

M/s Varahamurti Flexirub Industries Pvt Ltd (VFIPL) was incorporated on 21st August, 2008 established for the purpose of manufacturer of Spring Mattresses, Quilts, Pillows, Duvets & Rubberised Coir Products. Co. has 3 mfg. plants located at SIDCUL, Haridwar, Gejha (Meerut) & Annur (Coimbatore). The company is established as a private limited company by shares with Registration no. 121855 and Corporate Identification Number U25199DL2003PTC121855 and is promoted by the directors who appears to be well experience in mattress industry as per the profile shared to us by the client and information available in the public domain about them.

The company is registered at Registrar of companies, Delhi, registered office at 6715/10, 1st Floor, Pyarela Road, Karol Bagh, New Delhi – 110005, under the directorship of Mr. Mukesh Gupta, Mr. Nitin Gupta, Mr. Nipun Gupta and Ms. Shivani Gautam. The promoters/Directors of the company are well known faces in mattress industry. They are technically very sound and had vast experience in the industry. As per 31st March 2022 the company is having the authorized capital of INR 250,000,000 and paid-up capital of INR 195,000,000.

Commanding a strong presence within the mattress industry for over a decade, the company has been making a substantial effort to innovate its technology and provide the best comfort to its customers, through its principal offering of three mattress brands: SpringFit, Amore and Durfi and range of other accessories.

The company has proposed to set up a foam factory 1000MT capacity in Poothri near the existing mattress factory in Gejha. Gejha factory was setup in 2020 and commercial production of mattress started in June 2021. Purpose of setting this factory to meet export demand. This factory was set up in very short duration of time to meet export demand without any loan.

The proposed foam factory is planned for manufacturing of foam for their mattress production unit to curb the raw material cost and after intake remaining production will be sold out in the domestic market as well as abroad. The proposed foam plant will be having a total installed capacity of 1000 metric ton per month. Capacity utilization will be driven by demand of foam from local and export market. As per data/information provided by the client/company, below

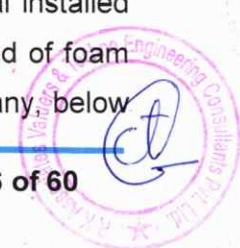


table shows the details of proposed capacity of the plant, which has been assessed based on the intake foam capacity of the company from all the operational manufacturing units:

Projected Years	Capacity Used (In %)	Capacity In Tons (MT/month)
Total installed capacity		1000 MT/month
Total intake requirement		80 MT/month
Proposed Capacity Utilization during the forecasted period		
2023-24	15%	150
2024-25	20%	200
2025-26	25%	250
2026-27	30%	300
2027-28	35%	350
2028-29	40%	400
2029-30	45%	450
2030-31	50%	500

As per data/information provided by the client and information available in the public domain, the Basic raw material for manufacturing of PU (Polyurethane) Foam is Polyol, T.D.I. (Tolulene Di Isocyanates), MDI (Methylene Diphenyl Diisocyanate), Silicon, Calcium, Carbonate, Amine and water. Raw material are available indigenously in open market through traders or directly from manufacturers and also imported from abroad.

As per information available in the public domain, spring fit is a well-known and reputed brand in Mattress industry and production and sales of Foam is just an extension of present business. As per information provided by the company below table shows the distributor details along with city, these distributors play an important role to sold out a large inventory of the company:

Countrywide distributor details of the company		
S.No.	Name of Distributor	City Name
1.	Agarwal Enterprises, Modi Enterprises	Agra
2.	Mallinath Enterprise	Ahmedabad
3.	Season Impex	Ajmer
4.	A K Furnishing	Allhabad
5.	Furniture World	Anantapur
6.	Kripa Agency	Bangalore
7.	Krimson Enterprises Goa	Bardez
8.	R8 Enterprises	Belgaum
9.	M & N Design	Bengaluru
10.	K.S Furnishing	Bhubneswar
11.	Dream Decor	Bhuj
12.	8 Heaven	Bhutan
13.	Dhawan Furnishers	Chandigarh

14.	Thoppl Furniture Mart	Changanacherry
15.	Mattress Master Company, Rexine House	Chennai
16.	A.P Furniture And Home Needs	Chirala
17.	Kothari Furniture, Nimma Ventures	Coimbatore
18.	Hanumant Homes Pvt. Ltd., Virendra & Co. Floorco.	Dehradun
19.	Sastha Furnishing	Dingdigul
20.	Sixth Sense Marketing	Ernakulam
21.	Vishal Furnishings	Faridabad
22.	Anand & Sons	Ghaziabad
23.	Sai Marketing	Godavari
24.	Sleep Solution	Gurgaon
25.	General Agencies	Guwahati
26.	Chawala Enterprises, Nikunj Enterprises, Nankani Jute House	Gwalior
27.	DVS Floor Concepts	Hyderabad
28.	Professional Marketing	Indore
29.	Vikas Marketing	Jabalpur
30.	Bhavna Enterprises, Divisha Interiors	Jaipur
31.	Mallu Ram Satpal	Jammu Tavi
32.	Decor8	Jamshedpur
33.	Kanchan Foam	Kanpur
34.	Samraj Wholesomeliving Pvt. Ltd	Kanyakumari
35.	Shri Anand Furnishing	Kashipur
36.	Beautiful Walls Private Limited,	Kathmandu
37.	Gaurav Associates	Kolkata
38.	People Choice	Kumbakonam
39.	Gla Enterprises / Goppi Ready	Kurnoo
40.	M.A Enterprises	Latur
41.	M.A. Traders, Swadeshi Foams Agencies	Lucknow
42.	Jagdish Store	Ludhiana
43.	AFG Lifestyle Private Limited, Mahajan Foam	Meerut
44.	Smart Home Style Mart, Smart Living	Meyyanur Salem
45.	Parshwa Enterprises, Pereira Distributors	Mumbai
46.	New Modern Foam	Muriyad
47.	Comfort Zone, Comfort Zone Incorporation	Nagpur
48.	International Enterprises	Nanital
49.	Marvel Enterprises	Nashik
50.	Amma Furniture	Nellore
51.	Banwari Lal Prahlad Rai, Classic Furnishings, J S Furnishing Private Limited, New Foam House, Ramnath Ramkrishna & Co. Delhi, S.K Foam Traders With Home Saaz, Stroika	New Delhi
52.	Shree Enterprises	Noida
53.	Quality Furnishing	Palayamkotta

54.	Luxehome International	Panipat
55.	New M.S Engineering	Patna
56.	Krimson Enterprises Pune	Pune
57.	Atlani Corporation, Dhariwala And Company	Raipur
58.	Shri T.P. Spinning Mills Private Limited	Rajapalayam
59.	Shrinath Ji Cloth Traders	Rajkot
60.	Selection Enterprises	Siliguri
61.	Bhatt Furnishing	Srinagar
62.	Amma Interior World	Sriramulu Nellore
63.	Dhankuvar Enterprises	Surat
64.	Guru Associate	Thillainagar Trichy
65.	Skm Furniture World	Thirunelveli
66.	Radhas Agencies	Thiruvananthapuram
67.	Sivalaya	Tirupur
68.	Dubai & Rexin Foam & Furnishing	Ulhasnagar
69.	ABN Enterprises	Una
70.	Mahalakshmi Agencies	Vijayawada
71.	A K Furniture	Virudhunagar
72.	Agarwal Home Comforts	Visakhapatnam

Below table shows the list of expected suppliers of raw material domestically as well as internationally:

S.No.	Expected List of Suppliers
1	Covestro (Hongkong) Limited-Singapore
2	Jiahua Pacific Singapore PTE Ltd- Singapore
3	Covestro (India) Private Limited
4	HI Solutions India Private Limited
5	Huntsman International (India) Pvt Ltd
6	Jayantilal J. Gandhi Chemicals Pvt Ltd
7	Murari Petrochemical Corporation
8	Overseas Polymers Pvt. Ltd

According to industry experts the mattress industry in India, is poised for significant growth, driven by factors such as rising disposable incomes, changing lifestyles and increased awareness of the importance of good sleep. The mattress industry is positioned at an interesting juncture, where growth is spurred by changing customer dynamics and technological innovations. The last two years have been a major factor to bring about this transformational shift as consumers have become increasingly aware and conscious about the health benefits of using the right mattress and the functionality of the overall product.



We R.K associate is performing the Techno-Economic Viability study for proposed foam factory at Village Poothri, Meerut, Uttar Pradesh as the company has proposed to fund the project through a term loan of INR 21.75 Crores out of total project cost of INR 29.00 Crore from State Bank of India.

PROPOSED PROJECT COST: As per data/information provided by the client, the total cost of the project for proposed foam factory is being estimated as **INR 29.00 Crores** which is proposed to be funded through below table.

Total Project Cost (Amount in Rs. Crores)			
Particulars	Already Incurred	To be Incurred	Total Cost
Land Cost	2.15	0.00	2.15
Building	0.00	8.19	8.19
Plant and Machinery	6.24	9.70	15.94
Miscellaneous Fixed Assets	0.00	0.00	0.00
Preliminary Pre-Operative Expenses	0.00	0.00	0.00
Contingencies @ 3% of Building and Machinery	0.00	0.72	0.72
Margin for Working Capital (FD require for LC)	0.00	2.00	2.00
Total Project Cost (INR Crore)			29.00

The company is planning to fund the building construction and plant & machinery through term loan to the initiation of the foam factory, hence they are approaching the financial institutions to provide the required capital.

CURRENT STATUS OF THE PROJECT: As per the information shared by the client/company and verified during the site inspection, the company purchased land in May 2022 at Khasra No. 451A and 451B, Village Poothri, Kalanjari Road, Meerut, Uttar Pradesh 250205, from its owners to establish the proposed foam factory.

As per the sale deed the land is admeasuring 2.0905 Hectares or 20,905 Sq. Mtr. This land is in rectangle shape and found suitable for foam factory as the location will be well connected for the transportation. Cost of land is Rs.214.75 lakhs including amount of stamp duty.

Currently, company is in discussion with financial institutions to fund the project through term loan of INR 21.75 Crore. Company plans to achieve the financial closure by March, 2023 (expected) and expected to start its foam factory (COD) by February 2024.

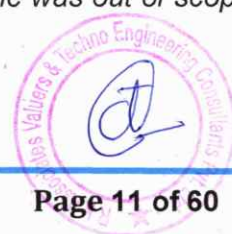


Therefore, to check and assess the Techno-Economic viability of the Project for submitting the proposal, State Bank Of India, SME Ranipur Branch, Sector – 5, BHEL, Haridwar, Uttarakhand, has appointed R.K Associates as TEV consultant to review technical, commercial and financial viability of the project based on our independent EIC research and information/data provided to us about the project by M/s Varahamurti Flexirub Industry Private Limited.

3. **PURPOSE OF THE REPORT:** To assess the Techno-Economic Feasibility of the green field proposed project to take further Project funding decision for the same.
4. **SCOPE OF THE REPORT:** To assess, evaluate & comment on Techno-Financial Feasibility of the proposed foam factory being set up by M/s Varahamurti Flexirub Industry Private Limited as per the data/information provided by the client/promoter/stakeholder and our independent EIC research.

NOTES:

- Project status is taken as per the information provided by the company/promoter/stakeholder. And the same has been verified during the site inspection.
- Site inspection has been carried out for Poothri unit, Meerut, Uttar Pradesh location only. Operating details regarding the same is taken as per the information provided by the company which has been relied upon.
- Scrutiny about the company, background check, credibility, credit worthiness of the company or its promoters is out-of-scope of this report.
- This report is only an opinion in respect to Technical and Financial Feasibility of the project as per the future Projections provided by the firm and independent analysis done by us and doesn't contain any recommendations including taking decision on the financial exposure.
- This is not an audit activity of any kind. We have relied upon the data/ information supplied by the company in good faith that it is true and without any fabrication.
- Reviewing existing units' infrastructural details is out of scope of the work.
- Existing units infrastructural details wherever mentioned has not been correlated with the documentary evidence such as title deeds, Building Map since the same was out of scope of work.



- *This is not a Detailed Project Report or a detailed design or architecture document.*
- *Land and property details mentioned in the report is only for illustration purpose as per the information provided to us by the client. The same doesn't tantamount for taking any responsibility regarding its legality, ownership and conforming to statutory norms.*

5. METHODOLOGY/ MODEL ADOPTED:

- a) Data/ Information collection.
- b) Review of Data/ Information collected related to TEV study.
- c) Independent review & assessment of technology used and financial projections provided by the company/promoters.
- d) Review and analysis of the Projections as per the market trends and futuristic growth opportunity of the industry and company.
- e) Projections of Revenue, Expenses, P&L, Balance Sheet, fixed assets, COGS.
- f) Assessment of Key Financial Ratios
- g) Final conclusion.

6. DATA/ INFORMATION RECEIVED FROM: All the data/Information has been received from Mr. Kamal Kishor and the required details about him shown in the below table:

Particulars	Details
Name	Mr. Kamal Kishor
Company	Springfit Mattress
Email Address	kamal.kishor@springfit.com
Contact No.	+91 8512889321

7. DOCUMENTS / DATA REFFERED:

- a) Financial Projections of the proposed project for next 8 Years.
- b) Sale Deed of the land and Land Use Conversion Application
- c) Raw Material Rate List
- d) Distributors and suppliers list
- e) Factory Layout Plan
- f) Man power proposed



PART C

COMPANY PROFILE

1. **COMPANY OVERVIEW:** M/s. Varahamurti Flexirub Industries Private Limited (VFIPL) was incorporated on 21st August, 2003 with CIN Number U25199DL2003PTC121855, is a private limited company having its Registered Office at 6715/10, 1st Floor, Pyarela Road, Karol Bagh, New Delhi – 110005. It is classified as Non-govt Company and is registered at Registrar of Companies, Delhi. Its Authorised Capital is INR 25,00,00,000 and paid-up capital is INR 19,50,00,000.

Initially the company started the production with Linen items and later on started to manufacturing Steel Spring Bonnell & Pocket mattress under the brand "Springfit Mattress". Company is engaged in manufacturing of Spring Mattresses, Quilts, Pillows, Duvets & Rubberised Coir Products. Company has three manufacturing plants located at SIDCUL, Haridwar, Gejha (Meerut) & Annur (Coimbatore). VFIPL has availed fresh Term Loan of Rs.7.60 Crs dated 28th January, 2022, for setting up a new unit for manufacturing of Steel Spring of different types including Foam & Rebounded Mattress along with BED Stead, Quilts, Pillows, and Protectors etc. with an installed capacity of 72000 pcs of Mattresses & 50000 pcs of Pillows p.a. in Halol, Gujarat. The project is under construction & proposed COD will be from 1st May 2023.

Sales of the company is affecting largely by hotel industry. Besides, they are also selling products through online channels using different online portals i.e. Amazon, Flipkart, Snapdeal, Pepperfry & Homeshop18.

The company is going for backward integration and proposes to set up a foam factory in Poothri near the existing mattress manufacturing factory in Gejha. The proposed foam factory is planned for manufacturing of foam for company's mattress production and sales of foam to other furniture and mattress producers. The proposed foam plant is for 1000 metric ton per month manufacturing capacity. The proposed site for foam factory is located in village Poothri approx. 1 km from the existing Mattress manufacturing factory in Gejha. Total land at this site is approx. 20,000 Sq Meters.

As per description of the company provided by the client, M/s Varahamurti Flexirub Industries Pvt Ltd. have three Directors, Sh. Mukesh Gupta, having an exp. of more than 40 years in this line of activity. Sh. Mukesh Gupta has two sons: Mr. Nitin Gupta and Mr. Nipun Gupta. Mr. Nitin Gupta is looking after R&D & innovations work. And Mr. Nipun Gupta joined as 3rd director on 1st April, 2018 & actively involved in the business. All the promoters are well experienced in this line of activity.

2. PROMOTERS/DIRECTORS PROFILE: Director's details have been shown in the below table:

Director's Profile			
DIN	NAME	Appointment Date	Qualifications/Experience
00996906	Mukesh Gupta	20 January 2004	<p>Sh. Mukesh Gupta is a well-known figure in mattress industry on pan India basis. He is technically very sound & have vast experience in the industry.</p> <p>In the year 1980, he started manufacturing of Latex Foam Mattress. Subsequently in 1990, he set up a Rubberised Coir Mattress manufacturing plant in Meerut to make Coir Mattress.</p> <p>He was also appointed as the board member for 3 years in Coir Board of India, Govt. of India".</p> <p>In the year 2003, he set up a new import substituted product mfg. factory to manufacture Steel Spring Mattress under the brand SPRINGFIT in Haridwar.</p>
01538040	Nitin Gupta	30 April 2007	<p>Shri. Nitin Gupta (Director) is very enthusiastic young face in the industry known for his attractive and transparent policies and cutting – edge marketing strategies.</p> <p>All the research & development and innovations in mattress of Springfit brand is done by Nitin Gupta (Director) passed from Symbois design Institute Pune.</p>

			He is already marketing its products directly to the domestic market through distributors and dealers' network.
06835051	Nipun Gupta	1 st April, 2018	<p>Sh. Nipun Gupta, (Director) is very well experienced in mattress industry since his college days as it was a family business.</p> <p>He is already manufacturing Spring Mattress in Haridwar, Coimbatore, and Meerut. He is marketing its products directly to the Hotel Industry.</p> <p>All the Digital, Institutional Business and Export Business looked after by him.</p>

Source: Data/Information provided by the client



PART D

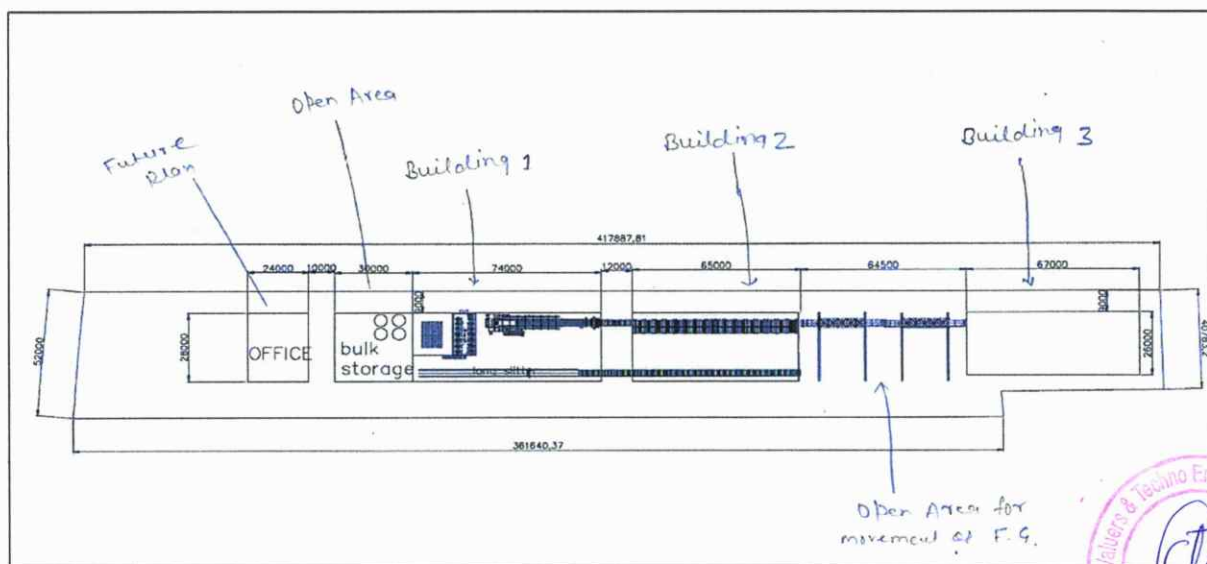
INFRASTRUCTURE DETAILS OF THE PROPOSED PROJECT

- 1. PROPOSED LOCATION:** Proposed plant will be located at Khasra No. 451A and 451B, Village Poothri, Kalanjari Road, Meerut, Uttar Pradesh, India which is spread over an area of 20,905 Square meter as per the sale deed. This factory site is near to Modinagar and it is connected with National Expressway No. 3. During the site visit the location is found to be appropriate and prominent.

The factory site is just 70 KM from Inland Container Depots (ICD) Dadri. This is good for all export and import related activity. Company is doing bulk export of mattress from the Gejha factory and it will require to import raw materials for foam production. The company will be having the location advantage of Delhi & Delhi NCR markets. The corporate office of the M/s Varahmurti is in Kaushambi, Ghaziabad, which is just 60 KM for the proposed factory. This is good in terms of administrative control in cost effective manner.

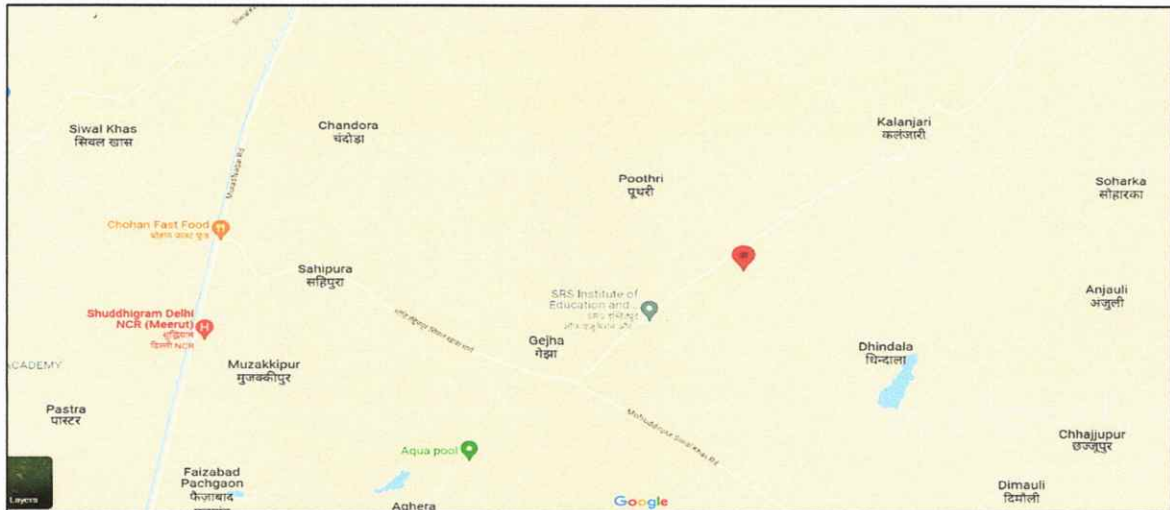
Connectivity	Details
Rail	Meerut Railway Station, Uttar Pradesh, which is 18 km away
Airport	Indira Gandhi International Airport which is 88 km away

- 2. LAYOUT PLAN:** As per shared layout plan by the company, the Firm proposes to construct the building as per requirement of the project at an estimated cost of INR 8.19 Crore having total covered area of 59,000/- Sq. ft. (First Building of 18000 Sq. ft. and Second building of 24000 Sq. ft. and third building of 21000 Sq. ft.) . The Building will accommodate all activity related to foam production. The cost include cost for construction of road, boundary wall and truck parking area. The proposed factory layout plan is given by the company and it is attached below:

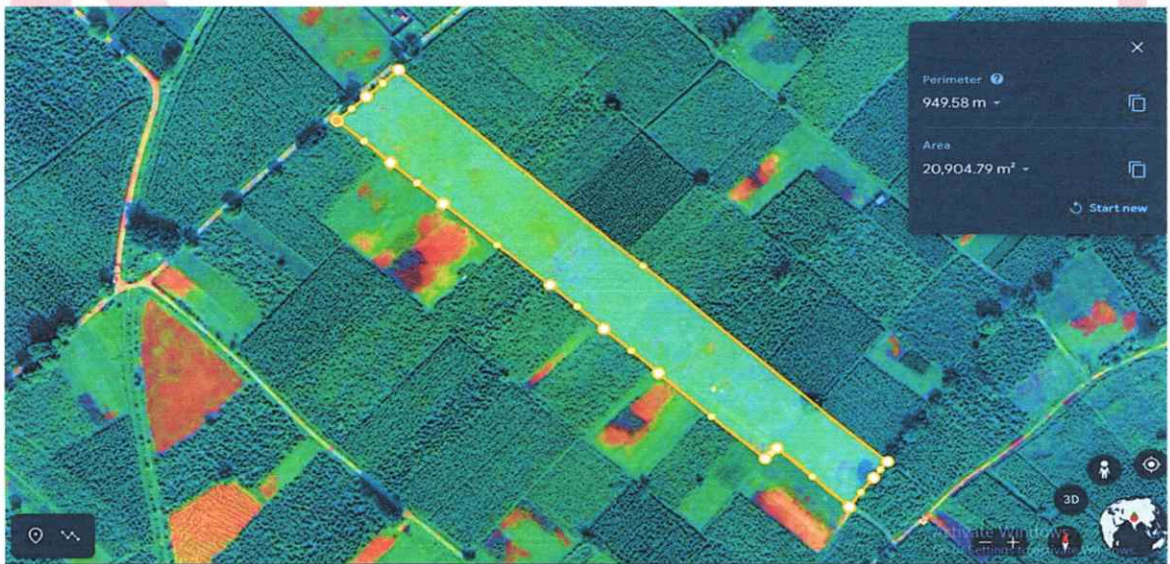


3. LOCATION MAP:

- a) **Google Map:** Location: Project location would be 28°55'40.1" North and 77°34'33.6" East in Meerut, Uttar Pradesh and the location as per the Google map is attached below.



- b) **Demarcation:** Demarcation of the land on the Google map is attached below:



4. **LAND DETAILS:** The Company has already acquired the proposed plant land in May 2022, admeasuring approx. 20905 Sq. Mt. at Khasra No. 451A and 451B, Village Poothri, Kalanjari Road, Meerut, Uttar Pradesh, in the company's name.

As per the valuation of the land done by R K Associates recently, the rates for agricultural land in the subject locality varies within the range of Rs. 3,500/- Rs. 4,000/- per sq.mtr. depending upon the various attributes of the land and distance from the main road. We have relied upon

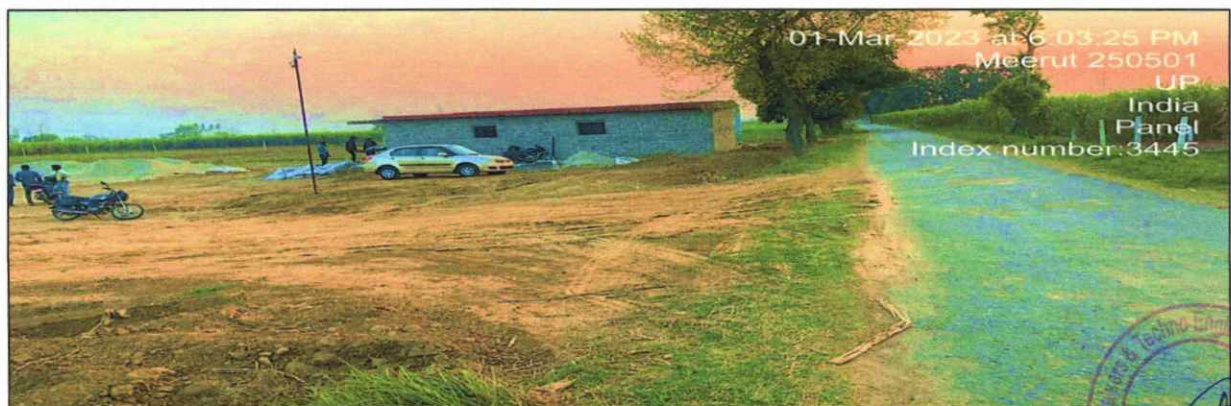
the same assessment. According to that valuation report: **File No. VIS (2022-23)-PL417-327-598**, the fair market value of the proposed land is given below:

Total Area (sq.mtr.)	20,905	Rates adopted (INR/sq.mtr.)	Fair Market Value (INR)
Front Portion (1/3rd portion of total area)	6,968.33	3,800	2,64,79,667
Mid Portion (1/3rd portion of total area)	6,968.33	3,040	2,11,83,733
Rear Portion (1/3rd portion of total area)	6,968.33	2,660	1,85,35,767
Total			6,61,99,167

Keeping in mind the large size of the plot and very less frontage on main road as compared to depth, we have assessed the rates of land by belting method by diving land into three equivalent parts and adopted different rates for front, middle & rear portion. Since this is an interior land with less frontage and accordingly above rates are adopted for different portion of land.

Hence the fair market of the land is 6.61 crores. And as per the sale deed company has purchased this land in 2.15 Crores (214.75 Lakhs). Hence presently company already gained three times. Therefore, the decision of purchase of land taken by the management was economically and commercially viable. During the site visit, the current status of the land was found as vacant.

5. **SITE PICTURES:** Some of the site pictures taken during the site survey, are attached below:





6. **BUILDING & CIVIL WORKS:** The proposed foam factory buildings shall be constructed per the AutoCAD drawings provided to us. It will consist of the Buildings, Bulk storage room, Open area, Road, Compound wall and Main gate and other utility areas for the smooth working of the proposed unit from here among other supportive facilities like adequate parking space and other public utilities.

As per the cost vetting done by R K Associates, according to that report (**File No. VIS (2022-23)- PL386-298-535**), cost vetting of civil construction cost has been done based on current applicable plinth area rates/Construction rates which are optimally suitable for construction works as per specification informed to us by the company.

Project is at a very promising conceptual stage of implementation. No drawings/Architect/ Structural consultant is finalised as per latest update provided by the company. Therefore, the final scope of work after finalisation of drawings may increase or decrease the finalisation of construction contract amount. Below table shows the details about buildings:



Details of Building along with estimated cost				
Particulars	Area (Sq. ft.)	Amount as per Client	Amount as per RKA	Remarks
Building 1	21,000.00	₹ 21,002,000.00	₹ 21,002,000.00	<p>i. As per the construction cost quoted by the client the overall per sq. ft. construction cost comes out to approx. Rs. 1000 per sq. ft. The same is well within the industrial standards.</p> <p>ii. The cost of civil structure (RCC wall, RCC flooring, Foundation works etc.), Widows & doors and Fire & electrical fitting works comes out to approximately Rs. 571 per sq. ft. The same is well within the industrial standards.</p> <p>iii. As per the tentative quantity of steel to be used in PEB structures as provided by the company, the steel requirement comes out to Approx. 3.36 kg per sq. ft. in this building which seems to be acceptable for such type of medium load structure. Accordingly, the Cost of PEB structure comes out to approx. Rs. 430 per sq. ft. The same is well within the industrial standards.</p>



Building 2	18,000.00	₹ 21,616,000.00	₹ 21,616,000.00	<p>i. As per the construction cost quoted by the client the overall per sq. ft. construction cost comes out to approx. Rs. 1200 per sq. ft. The same is well within the industrial standards.</p> <p>ii. The cost of civil structure (RCC wall, RCC flooring, Foundation works etc.), Widows & doors and Fire & electrical fitting works comes out to approximately Rs.560 per sq. ft. The same is well within the industrial standards.</p> <p>iii. As per the tentative quantity of steel to be used in PEB structures as provided by the company, the steel requirement comes out to Approx. 4.8 kg per sq. ft. in this building which seems to be acceptable for such type of Medium to High Load plain structure. Accordingly, the Cost of PEB structure comes out to approx. Rs. 635 per sq. ft. The same is well within the industrial standards.</p>
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Building 3	20,000.00	₹ 19,950,000.00	₹ 19,950,000.00	<p>i. As per the construction cost quoted by the client the overall per sq. ft. construction cost comes out to approx. Rs. 1000 per sq. ft. The same is well within the industrial standards.</p> <p>ii. The cost of Civil structure (RCC wall, RCC flooring, Foundation works etc.), Widows & doors and Fire & electrical fitting works comes out to approximately Rs.607 per sq. ft. The same is well within the industrial standards.</p> <p>iii. As per the tentative quantity of steel to be used in PEB structures as provided by the company, the steel requirement comes out to Approx. 3.47 kg per sq. ft. in this building which seems to be acceptable for such type of Low to Medium load structure. Accordingly, the Cost of PEB structure comes out to approx. Rs.400 per sq. ft. The same is well within the industrial standards.</p>
Grand Total	59,000.00	62,568,000.00	62,568,000.00	<p>The Building construction cost estimated by the company seems to be in line with the industry standards. As per our analysis the same is including the applicable GST.</p>



According to the survey done by us for the proposed foam factory, construction work has not started yet, only boundary wall foundation work for half of the north side is ready. The company is expecting the completion of the proposed foam factory buildings by October 2023, and it is expected to start its commercial operations in February 2024.

- 7. PLANT & MACHINERY (EQUIPMENT):** As per discussion with the company, the main foam making machine is having 1000 MT production capacity. And its auxiliary parts and equipment are being purchased for estimated production capacity of 1000 MT/month. Both the main machine as well as its major auxiliary parts are proposed to be procured from foreign suppliers.

We have checked about the supplier companies for which quotations have been shared, which appears to be reputed and renowned suppliers for such type of machines as per information available on the public domain.

The range of current market rates of the main process machines type of machinery & equipment's can't be ascertained specifically since these are highly specialised nature of machines which are custom built to client and knowing the price will require specific technical specifications and other host of information which are not available with us. Therefore, the cost vetting of machineries has been done based on the copies of quotations provided to us by the company and gathering information about the companies dealing in such type of products from various sources in public domain.

As per the copy of final quotation shared with us for Foam machine (1000 MT per month Capacity) being procured from Germany amounts to 13,00,000/- Euros. Based on our research in the public domain the similar machine might cost lesser than its German counterpart if purchased from China due to cheap manpower and low production costs in China. Clarification in this regard was sought from the company. Accordingly, the company informed that the German make "Hennecke Polyurethane Technology" foam machine is more productive and technically advanced than its Chinese counterpart. Therefore, the main foam machine is being purchased from Hennecke Polyurethane Technology, Germany.

We have tried to verify the quotations of the auxiliary machines as well which are proposed in this plant. However, the machines are ordered based on the specific usage and specifications and will be custom made according to the main process machine, therefore generally it is not possible to fetch the current market quotation of the machines with same type and specifications. However, suppliers are checked which appears to be genuine for supplying such range of products and machines.



As per the cost vetting done by R K Associates, according to that report (File No. VIS (2022-23)- PL386-298-535), price of Domestic machines given in the quotations were verified from the public domain and the same were found to be in the similar range as per the copies of quotations provided by the company. Also as per the secondary research on public domain for similar kind of projects, cost of machinery as a whole appears to be in line with the industry standards.

8. UTILITIES: As per information provided by company, details of Water, Electricity and other utilities are describes as below:

- a. Electricity:** Presently power connection has not been taken yet in the plant. Company will require to apply for 300 kilowatt load connection at the facility.
- b. Fuel:** Company will be requiring enough fuel storage space to operate the diesel generator set to supply uninterrupted power supply to the facility in case of any power failure.
- c. Water:** Very small quantity of Water is required in the Manufacturing Process. However, the requirement of Drinking Water and for other human consumption shall be met from the Ground water.

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PART E

PROJECT TECHNICAL DETAILS

1. **PROPOSED CAPACITY:** The proposed foam plant is for 1000 metric ton per month manufacturing capacity. Below table shows the details of proposed capacity of the plant, per month:

Projected Years	Capacity Used (In %)	Capacity In Tons
Total installed capacity		1000 MT/month
Total intake requirement		80 MT/month
Proposed Capacity Utilization during the forecasted period		
2023-24	15%	150 MT/month
2024-25	20%	200
2025-26	25%	250
2026-27	30%	300
2027-28	35%	350
2028-29	40%	400
2029-30	45%	450
2030-31	50%	500

2. **TECHNICAL SPECIFICATION OF THE PROPOSED FACILITY:** For the proposed foam plant below table shows the details of major equipment, plant & machinery along with quantity, specification and supplier:

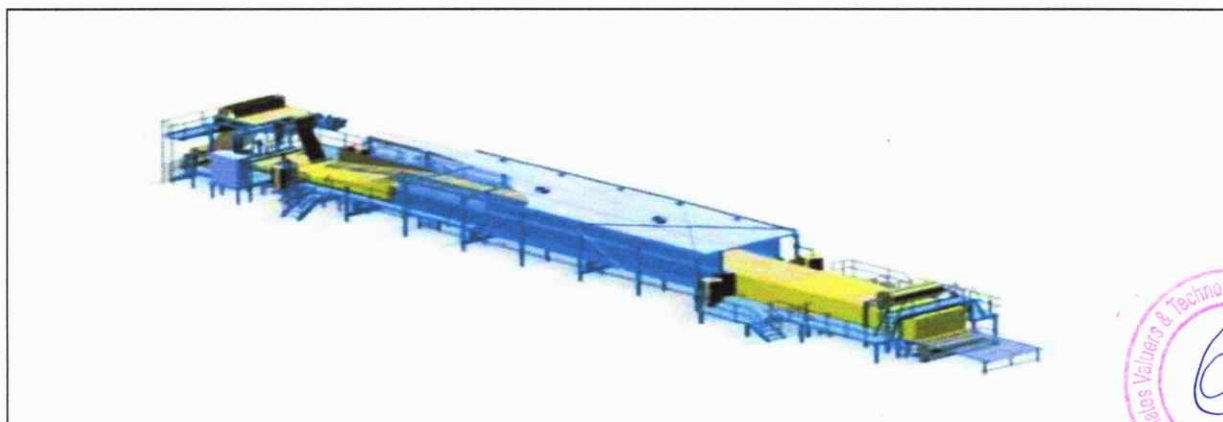
Specification of Major Proposed Equipment's, Plant & Machinery			
S. No.	Item/Machine	Qty	Specifications
1	Multiflex Foam Machine	1	Automatic Continue Foam Machine Production Line
2	SN-C4 BlockTransfer Conveyer with Left and Right	1	(1)Length:4m (2)Effective Width:2400mm
3	SN-C12 12m Conveyer	1	(1)Length:12m (2)Effective Width:2400mm
4	SN-R63 Foam Rack System	2	(1)Length:63m (2)Effective Width:2400mm
5	SN-G32 Gantry System	1	(1)Length:21m (2)Effective Width:2400mm
6	SN-C30 30m Conveyer	1	(1)Length:31m (2)Effective Width:2400mm (3)Effective Height:1500mm
7	SN-B2.0 Block Cutting Machine (Fix)	1	(1)Cutting Width:2400 mm (2)Cutting Length:1300mm



8	SN-MC-SB2.0 Block Cutter With Conveyor and Side cutter	1	(1)Cutting Width:1.2-2.4m (2)Height:800mm (3)CuttingHeight:1300mm
9	SN-LP2.0 Long Sheet Foam Cutting Machine (30m)	1	(1)Cutting Foam Width: W=2200mm (2)Cutting Foam Height: H 1300mm (3)Cutting Thickness:2~60 mm
10	SN-LP2.0 Long Sheet Foam Cutting Machine (30m)	1	(1)Cutting Width:2200mm (2)Length:31+1.5m roller conveyor (3)Height:400 mm
11	SN-V4.0 Vertical Foam Cutting Machine	2	(1)Inside Worktable Size:W1720xL2440mm (2)Baffle Height:H600mm (3)Cutting Height:H1200mm (4)Blade Length=L8700mm (5)Total Power:1.87KW
12	Joining and Counting roll machine	1	(1)Length:2150mm (2)Joint Thickness:5-50mm
13	Tank	1	Tanks
14	Machine Platform		Machine Platforms
15	Tank Valve and Pump		Tank Valve and Pump
16	Chiller for Chemical		Chiller for Chemicalial Water

3. TECHNOLOGY USED: The Company has informed that the Production Capacity of the plant will be 1000 Mt/Month and list of machinery provided by the company includes imported and domestic machines both. As per discussion with the company, the main foam making machine and auxiliary parts and equipment are being purchased for estimated production capacity of 1000 MT/month. Both the main machine as well as its major auxiliary parts are proposed to being procured from foreign suppliers.

The main automatic continue foam production line will be purchased from Hennecke, Germany. Hennecke is a worldwide reputed name for automatic foam production line. This machine is good for high quality foam production.



Multiflex machinery is a big operating platform with approximate width of 7.400mm. It is a steel weldment and its stud plates cover the complete platform walkway. At the front of the platform, seen in foaming direction, two staircases are located. The platform walkways as well as the two stairs are secured by a railing. There is a direct connection to the catwalk of the tunnel. On the side of the platform the control and computer cabinet is installed.

As per our tertiary research on public domain Hennecke is considered the market leader in the field of slabstock machines and systems. Manufacturing slabstock in a continuous process and the use of high-pressure technology, the liquid laydown process and the flat-top system allows processors to achieve a highly efficient raw material yield and excellent foam qualities.

As the Multiflex machine is equipped with high-quality standard components. It can make the most of its advantages at an excellent price-performance ratio while reducing maintenance and spare parts costs. Its modular design is also consistently based on economic principles like: Assembly and start-up times are reduced efficiently and for a long time after delivery, the plant can be retrofitted with additional modules, special accessories and equipment to meet new market conditions. This means that the production process will remain competitive in the long term.

The range of current market rates of the main process and foam production machines can't be ascertained specifically since these are highly specialised nature of machines which are custom built to client and knowing the price will require specific technical specifications and other host of information which are not available with us. Therefore, the analysis of cost of machineries has been done based on the information provided to us by the company and gathered information about the companies dealing in such type of products from various sources in public domain.

As per our tertiary research, machines are ordered, based on the specific usage and specifications and will be custom made according to the main process machine, therefore generally it is not possible to fetch the current market quotation of the machines with same type and specifications. However, suppliers are checked which appears to be genuine for supplying such range of products and machines.

As per the above technical analysis, M/s VarahaMurti Flexirub Industries Pvt. Ltd. is using the conventional technology which is a prevailing, going on, recognized and still trending in the market at present. Thus based on the above analysis, it seems to be reasonable to comment that the company will be technologically viable by holding the ownership of the proposed equipment, plant & machinery.

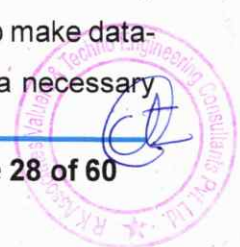


- 4. SOURCE OF PROCUREMENT OF EQUIPMENTS:** As per the information shared by the company, they have finalized the vendors/ suppliers and the final negotiation with some vendors is in process. Company has shared some quotations of machinery and equipments from Hennecke Polyurethane Technology, Boqi Shenzhen Trading Co., Ltd., G. S. Fabricator, Shilpi Engineering Concern, Airtech Cooling. Below are the details of expected suppliers and equipments shared by the company:

Expected Supplier details		
S.No.	Description of Equipment	Supplier Name
1	Multiflex Foam Machine	Hennecke Polyurethane Technology
2	SN-C4 BlockTransfer Conveyor with Left and Right	Boqi Shenzhen Trading Co., Ltd.
3	SN-C12 12m Conveyor	
4	SN-R63 Foam Rack System	
5	SN-G32 Gantry System	
6	SN-C30 30m Conveyor	
7	SN-B2.0 Block Cutting Machine (Fix)	
8	SN-MC-SB2.0 Block Cutter With Conveyor and Side cutter	
9	SN-LP2.0 Long Sheet Foam Cutting Machine (30m)	
10	SN-LP2.0 Long Sheet Foam Cutting Machine (30m)	
11	SN-V4.0 Vertical Foam Cutting Machine	
12	Joining and Counting roll machine	
13	Tank	G. S. Fabricator
14	Machine Platform	Shilpi Engineering Concern
15	Tank Valve and Pump	G. S. Fabricator
16	Chiller for Chemical	Airtech Cooling

- 5. TESTING/QUALITY ASSURANCE FOR FOAM MANUFACTURER:** Quality Assurance (QA) of a foam manufacturer means systematic actions necessary to provide adequate confidence to the end-user(s) will perform satisfactorily in compliance with quality standards specified by the Competent Authority.

Foam is versatile, making it widely useful, but also sometimes a challenge to control. The ability to accurately measure its characteristics puts quality specialists in the driver's seat to make data-driven improvements throughout the process – whether foam is the end product, a necessary



by-product or even an unwelcome side effect. Polyurethane Foam will be manufactured on a daily basis by the company, using closed-loop feedback process control. This allows for controllability of the equipment to tailor specialty and technical foams to a uniform design on a daily basis.

Testing should be conducted daily on each lot of polyurethane foam for accreditation and certification to the customers. In addition, company will be capable of performing countless other tests-physical, analytical, or acoustical-to assist in providing a product designed for the customer request. In addition, there should be a research and development team that collaborates with the customers and suppliers to yield innovative products. This process can begin at any phase or point in the work process, from ideation through product launch.

6. **MANPOWER:** As per information shared by the client/company, an estimate of manpower requirement allowing for leave, absenteeism, sickness and holidays for smooth and for efficient operation of different sections of the foam manufacturing plant, including all of its departments, has been prepared based on technical, skills and management ground primarily to indicate the order of manpower requirement.

In estimating the manpower requirement, a proper ratio between the administrative & managerial staff, general manager, accountants, assistants, supervisory and floor staff has been maintained with a view to affording proper industrial and professional management at various levels.

As per information provided by the company, they have estimated around 75 workers will be required when proposed foam manufacturing plant will be operational. The basic structure of the manpower will require the following kind of resources:

Particulars	No. of Person	Expected Salary Per Month	Amount (INR)
General Manger	1	100,000	100,000
Supervisor/Chemist	3	40,000	120,000
Accountant	8	30,000	240,000
Assistants	11	20,000	220,000
Skilled Workers	26	15,000	390,000
Unskilled Workers	26	12,000	312,000
Total	75	217,000	1,382,000



PART F

SERVICES PROFILE

1. **INTRODUCTION:** Company's brand "Springfit" is a reputed brand in Mattress industry and production and sales of Foam is just an extension of present business. The major raw material for manufacturing P U Foam is Polyol, T.D.I., MDI, Silicon, Calcium, Carbonate, Amine and other additives. All the chemicals are measured & mixed as per the formulation in the automatic foaming machine. Then the Mixed of chemicals is poured in the mild of required size and allowed to go through exothermic chemical reaction to form the flexible foam. Then the blocks or running sheet are send for trimming cutting and slicing. The finished sheets are used for making mattress, pillow, Quilts and other furniture items. Mainly four types of foam will be manufactured in this plant:

- HR (High Resilience) Foam
- FR (Fire Retardant) Foam
- Memory Foam
- Latex Foam

2. **SERVICES CATEGORY:** M/s Varahmurti has been prosed their portfolio of services under four broad catagories as described below:

a. **HR (High Resilience) Foam:** HR Foam or High Resiliency foam is a special kind of foam used in mattresses. It has more resiliency, meaning the ability to bounce back up. HR foam tends to regain its shape to a certain percentage which determines its resiliency factor.

High resilience foam is a polymer created during a chemical reaction between polyol and diisocyanate (two chemicals created from organic compounds). The ratio of polyol to diisocyanate is 2:1 to form polyurethane, though there may be other compounds that are added to create just the right amount of elasticity and density for each piece of foam. The foam is synthesized, poured into molds, and cooled before cutting into mattress layers.

High resilience foam is generally used in the middle layers of many popular memory foam brands, but higher or lower density varieties can be found in surface or base layers.

b. **FR (Fire Retardant) Foam:** A fire retardant is a substance used to slow or stop the spread of fire or reduce its intensity. This is commonly accomplished by chemical reactions that reduce the flammability of fuels or delay their combustion. Fire retardants may also cool the fuel through physical action, or endothermic chemical reactions. Fire retardants are available as powder, to be mixed with water, as fire-fighting foams and fire-retardant gels.

These materials are commonly used in fire fighting, where they may be applied aerially or from the ground.

- c. **Memory Foam:** Memory foam consists mainly of polyurethane with additional chemicals that increase its viscosity and density. It is often referred to as "viscoelastic" polyurethane foam, or low-resilience polyurethane foam (LRPU). The foam bubbles or 'cells' are open, effectively creating a matrix through which air can move. Higher-density memory foam softens in reaction to body heat, allowing it to mold to a warm body in a few minutes.

Memory foam uses your body heat to soften and mould to your shape. This provides remarkable support and comfort. Once pressure is removed, memory foam will bounce back very slowly and over time will remember your body shape and optimal sleeping position, hence the name 'memory'.

Memory foam is prized for its body-hugging feel. It's a moderately priced material, so you will find it featured in a wide range of mattresses. The biggest downside to memory foam is that it tends to trap body heat, so those that sleep hot may wish to think twice about a memory foam mattress.

- d. **Latex Foam:** Latex is a natural material derived from the sap of rubber trees. The sap is extracted and processed to form a dense foam material. Finished latex foam has a similar consistency to synthetic materials like polyfoam, with some key differences.

Latex generally feels bouncier and somewhat less conforming than memory foam. It has a springy, rubber-like consistency, and is usually fairly dense. It's also quite durable, as latex foams have a longer expected lifespan than materials like polyfoam.

Owners of latex mattresses appreciate that latex is naturally derived, highly durable, responsive, and generally more temperature-neutral than memory foam. On the other hand, it's a fairly expensive material.

3. **MARKETING, SELLING & DISTRIBUTION PLAN:** The promoters have already established Market for steel spring Mattress throughout India under their three -division situated at Haridwar, Coimbatore and Meerut. The products are being marketed under the brand name of Springfit, which is well accepted in the market. The products are marketed directly as well as through Dealers.

In all over India Springfit mattress is a known product, major of the customers are aware about the quality of the product and its benefits. Moreover, it is a high-end selling product in all over



India. The company shall use the existing network of dealers and distributors of Springfit Mattresses throughout the country for sale of foam also.

Steel spring Mattress have a very vast market as they are used in all the 5 Star Hotels. Such Mattress are now being preferred over Coir Mattresses by the Customers due to their Superior features particularly with regard to overall comfort and suitability to people with Backache Problem.

Company also cater the high-end customer through online channels using different online portals i.e., Amazon (Cloudtail India Pvt. Ltd.), Flipkart, Snapdeal, Pepperfry, and Homeshop18. Likewise, company is selling its own brand mattress on its website www.springfit.com. Company is supplying to different big brands some of them are Lifestyle International Pvt. Ltd., Praxis Home Retail Ltd. (Home town), Godrej & Boyce MFG. Co. Ltd., HSIL Limited (Evok), etc.

Company is planning to develop new range of foam mattress considering market need and demand. Existing large market network for spring mattress will help to sales large quantity of foam mattress too.

The growing urbanization and industrialization, the demand for superior grade Quilts, pillows and Protectors has been increasing constantly. Quilts, pillows and Protectors have also high potential for export too.



PART G

MATTRESS INDUSTRY OVERVIEW & ANALYSIS

1. **INTRODUCTION:** The Indian mattress industry is now growing as consumers demand better quality mattresses for several orthopaedic issues, etc. Rise in income levels and health consciousness and growth in the real estate and hospitality sectors are major factors that accelerated the growth of the Indian mattress market. A visible shift has been observed in the consumers' perspective, where the main focus is on the comfort and functionality of the product.

Mattresses are no longer considered as mere consumer durables, they are an indicator of the quality of life. The growth in the mattress market is largely led by factors, such as increased income levels and infrastructural developments, in terms of the increased number of residential units and hotels in the country. Demand for construction in both residential and institutional is growing in India, with the rising awareness regarding mattress types and brands. Among various sizes available, king size mattresses are the most preferred one, and comfort is the most important factor for their dominance in the market.

2. **MARKET OVERVIEW:** India's overall mattress market has grown at a CAGR of above 11% over the last five years. The unorganized 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 organized industry which has grown nearly at a CAGR of 17% in last five years. India market is growing with more than 5% CAGR in between 2022 to 2030.

Online sales of mattresses are growing because of changing consumer behavior towards online shopping. The offline mattress market consists of retail sales of mattresses from dealers/distributors or own franchised stores.

The Global mattress market is estimated to generate \$40,810.1 million in 2022. And it is expected to reach \$69,077.7 million by 2030, growing at a CAGR of 6.80% between 2022 and 2030. This is attributed to the growth of the tourism industry, which is resulting in the escalating number of hotels and, in turn, increasing the sales of the products.

Moreover, the rising health concerns and increasing disposable income have fueled the mattress demand, as consumers are spending more on health-improving products. The majority of the consumers perform extensive research, compare prices, and make informed decisions when buying bedding. Furthermore, the growing number of luxury hotels in emerging economies throughout the world is predicted to contribute significantly to the revenue growth; because such hotels used luxury beddings.



- 3. KEY SEGMENTS OF THE MATTRESS INDUSTRY:** In line with the changing times, mattress manufacturing companies that include both offline and online retailers, have adopted innovative strategies to ensure customer satisfaction. It is expected to witness several new trends emerging in the mattress industry. The demand for customized and luxury mattresses is expected to increase, whereas companies may come up with new techniques to utilize their resources and technologies better. The India Mattress Market is segmented as per below table:

S. No.	Division Mattress Market Based On	Description
1.	Type of Raw Material	PU Foam, Rubberized Coir, Spring Mattresses, and Others
2.	Application	Residential and Commercial
3.	Type of Market	Unorganized and Organized
4.	Distribution Channel	Specialty /Stores, Furniture Retailers, Owned Franchise Stores, Online, Other Distribution Channels

- 4. KEY INDUSTRY TRENDS AND TECHNOLOGICAL ADVANCEMENTS:** The mattress market is a growing sector in India with the awareness among people about its benefits and purchasing a better quality mattress that will help in making asleep better and keeps away all forms of body pain. Consumers are now comfortable making big purchases over the internet, which is constantly changing the way people think about buying durable consumer products such as mattresses. Currently, 800 million people in India have direct access to the internet. By selling directly to the consumers, the mattress manufacturers eliminate the middlemen and control costs by avoiding sales commissions and showroom fees.

Indians are the second most sleep-deprived people after Japan. The \$1.4 billion mattress industry is witnessing a constant flux from international brands, traditional players, and start-ups. Start-ups are using the latest technology, innovation, and data-backed research to design, develop, and market their products. SmartGRID Ortho technology adapts to the form of human body to provide pain relief and spine care. It has 2,500 air passages and uses temperature-neutral technology to keep the body cool and comfortable all night long. It's made of a soft, breathable fabric that allows for adequate airflow.

Temperature-sensitive memory foam has been utilised in ergo mattresses to improve blood circulation and provide great sleep. The ortho mattress is designed for those over the age of 61 who suffer from back pain. High-density pocket springs make up pocket spring mattresses. The spring count per mattress is higher. This provides stiffness, improved load bearing, and pressure relief.



The "open-cell construction" keeps the body cool in the summer, while the high-density foam provides additional support. They've also concentrated on body contouring. As companies are becoming more concerned about incorporating sustainability into their agenda, an Ayurveda-inspired mattress, created with all-natural ingredients like sandalwood-infused latex foam, lavender-infused covers, and so on, is a good fit.

This, in turn, is expected to positively influence the growth of India mattress market. The India mattresses market is expected to reach USD ~ billion by 2026 registering a CAGR of 11.43%. The domestic mattress industry is highly dependent on retail business, with the implication of lockdown the industry has witnessed a steep decline in sales in the first half of the year however by the second half industry experienced double digit growth owing to pending orders and long home stay that generated the need of buying new mattresses.



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PART H

SWOT ANALYSIS OF FOAM SECTOR

STRENGTH

1. STRONG DISTRIBUTION NETWORK – OVER THE YEARS COMPANY HAS BUILT A RELIABLE DISTRIBUTION NETWORK THAT CAN REACH MAJORITY OF ITS POTENTIAL MARKET.
2. SUCCESSFUL TRACK RECORD OF DEVELOPING NEW PRODUCTS – PRODUCT INNOVATION.
3. SUPERB PERFORMANCE IN NEW MARKETS – COMPANY HAS BUILT EXPERTISE AT ENTERING NEW MARKETS AND MAKING SUCCESS OF THEM.
4. HIGHLY SKILLED WORKFORCE THROUGH SUCCESSFUL TRAINING AND LEARNING PROGRAMS.
5. HIGHLY SUCCESSFUL AT GO TO MARKET STRATEGIES FOR ITS PRODUCTS.
6. LOCATION, SITUATED IN MEERUT, ACCESSABLE TO DELHI NCR REGION.

WEAKNESS

1. THE MARKETING OF THE PRODUCTS LEFT A LOT TO BE DESIRED. EVEN THOUGH THE PRODUCT IS A SUCCESS IN TERMS OF SALE BUT ITS POSITIONING AND UNIQUE SELLING PROPOSITION IS NOT CLEARLY DEFINED WHICH CAN LEAD TO THE ATTACKS IN THIS SEGMENT FROM THE COMPETITORS.
2. LIMITED SUCCESS OUTSIDE CORE BUSINESS.
3. THERE ARE GAPS IN THE PRODUCT RANGE SOLD BY THE COMPANY. THIS LACK OF CHOICE CAN GIVE A NEW COMPETITOR A FOOTHOLD IN THE MARKET.
4. NEED MORE INVESTMENT IN NEW TECHNOLOGIES. COMPANY NEEDS TO PUT MORE MONEY IN TECHNOLOGY TO INTEGRATE THE PROCESSES ACROSS THE BOARD.

SWOT ANALYSIS

OPPORTUNITY

1. THE MARKET DEVELOPMENT WILL LEAD TO DILUTION OF COMPETITOR'S ADVANTAGE AND ENABLE THE COMPANY TO INCREASE ITS COMPETITIVENESS COMPARE TO THE OTHER COMPETITORS.
2. ECONOMIC UPTICK AND INCREASE IN CUSTOMER SPENDING.
3. NEW TRENDS IN THE CONSUMER BEHAVIOR BECAUSE OF COVID-19, CAN OPEN UP NEW MARKET FOR THE COMPANY.
4. GROWING INDUSTRY
5. ORGANIZATION'S CORE COMPETENCIES CAN BE A SUCCESS IN SIMILAR OTHER PRODUCTS FIELD.
6. NEW CUSTOMERS FROM ONLINE CHANNEL.

THREATS

1. POTENTIAL COMPETITORS WHO WILL ENTER THE MARKET IN THE NEAR FUTURE (WHETHER LOCAL OR INTERNATIONAL ONCE).
2. THE DEMAND OF THE HIGHLY PROFITABLE PRODUCTS IS SEASONAL IN NATURE AND ANY UNLIKELY EVENT DURING THE PEAK SEASON MAY IMPACT THE PROFITABILITY OF THE COMPANY IN SHORT TO MEDIUM TERM.
3. SHORTFALL OF SKILLED WORKERS
4. INTENSE COMPETITION
5. GROWING STRENGTHS OF LOCAL DISTRIBUTORS ALSO PRESENTS A THREAT IN SOME MARKETS AS THE COMPETITION IS PAYING HIGHER MARGINS TO THE LOCAL DISTRIBUTORS.



PART I

PROJECT COST AND MEANS OF FINANCE

Category wise proposed project cost is shown in the below table:

INR (Crores)

PROJECT COST			
PARTICULARS	COST		
HARD COST	Already Incurred	To be Incurred	Total Cost
Land Development	2.15	0.00	2.15
Construction of Building	0.00	8.19	8.19
Plant And Machinery	6.24	9.70	15.94
Total Cost (Site wise)	8.39	17.89	26.28
SOFT COST			
	Already Incurred	To be Incurred	Total Cost
Contingencies (@3% of Building and Machinery)	0.00	0.72	0.72
Margin for Working Capital	0.00	2.00	2.00
Total Project Cost	0.00	2.72	29.00

Note: Cost projections have been provided by the company.

MEANS OF FINANCE	
PARTICULARS	Proposed
Reserve and Surplus	7.25
Bank Finance (Term Loan)	21.75
Total	29.00

Notes:

1. As per sale deed, the land was acquired in May 2022. Cost of land is Rs.2.15 lakhs including amount of stamp duty.
2. As per information provided by the client the projected building's total construction cost, including complete civil work, interior work etc. is approx. 8.19 Crs.
3. The purchase cost of the Foam machine as per the copy of final quotation shared with us amounts to 13,00,000/- Euro. As per payment terms of the main machinery i.e. Multiflex foam machine, company had paid 10% as booking amount, 20% at 60 days after the conclusion of the contract and 30% to be paid four months after the conclusion of the contract. Hence company had already paid 6.24 Crores (60% of the 13 lakhs euro).
4. The cost of Plant & Machinery has been estimated at Rs. 15.94 crores, including purchases of all the required latest and modern Machinery for the proposed factory. The cost estimates are assessed based on present market rates and offer received from vendors/suppliers.



5. The Company has estimated the contingency expenses at Rs 0.72 Crs (3% of the Building and Machinery cost). Any contingencies, if they arise, beyond the stipulated amount will be borne by the company from its self-sourced funds.
6. The company has proposed an amount of Rs. 2 Crs under Margin for Working Capital head. Company had good reputation in domestic market and generally supplier of raw materials are happy to provide interest free credit for the period of 30-90 days. This is the reason company will be able to operate with less amount of working capital and less working capital limit.



PART J

PROJECT SCHEDULE

Below is the tabulated presentation of the status of the project showing expected duration shared by the project manager of the company:

S. No.	Particulars	Activity	Expected Completion Date	Status
1.	Acquisition of Land	Land Procurement	May 2022	Allotment Done.
		Land Development	October 2023	Achieve in October 2023
2.	Sanction of Rupee Term Loan	Sanction of Rupee Term Loan	31 th March 2023	Achieve till March 2023
3.	Building & Civil Works	Appointment of Architect	April 2023	Pending
		Building Plan Preparation	April 2023	Pending
		Building Plan Sanction	April 2023	Pending
		Appointment of Civil contractor/ developer	May 2023	Pending
		Building & Civil Works completion	December, 2023	Achieved till 31 st December 2023
4.	Plant & Machinery	Finalization of P&M suppliers	April, 2023	Achieved till April 2023
		Orders to P&M suppliers	May, 2023	Achieved till May 2023
		Arrival of P&M	November, 2023	Achieved till November 2023
		Installation of P&M	December, 2023	Achieved till December 2023
		Utility Installation	December, 2023	Achieved till December, 2023



5.	Furniture and Fixtures	Purchase of other Fixed Assets/ Furniture & Fixtures	November 2023	Achieved till November 2023
6.	Statutory Approvals, registrations & NOCs		December 2023	Achieved Before Trial Run
7.	Finishing & Trail Run		January 2024	Achieved till January 2024
8.	Commercial Operation Date		1 st Feb 2024	Achieved till 1 st Feb 2024

Notes:

- Schedule has been made as per feasibility to achieve different milestones.*
- Achievement of Milestone will depend on sanction of term loan as per proposed timeline.*



PART K

STATUTORY APPROVALS | LICENCES | NOC

As per the information provided by the client below is the list of Approvals required for the proposed project:

S.No.	REQUIRED APPROVALS	REFERENCE NO./ DATE	STATUS (Approved/ Applied For/ Pending)
1.	Sale Deeds of the Land <i>Government of Uttar Pradesh</i>	26th May, 2022	Achieved from Uttar Pradesh
2.	Land conversion to Industrial/Non agriculture	Already applied on 14 th October 2022	It will achieve in due course
3.	Building sanction Plan Approval <i>Concerned local development authority</i>	Pending	To be applied in due course
4.	Fire NOC (on completion) <i>Fire Services Department</i>	Pending	To be applied in due course
5.	Power Load Sanction <i>State Electric Supply Corporation</i>	Security deposit is pending for the start of new plant and machinery.	To be applied in due course
6.	Consent to establish (under Water Act & Air Act) <i>State Pollution Control Board</i>	Pending	To be applied in due course
7.	Permission for extraction of ground water	NA	NA
8.	Approval of Factory Plan under the Factories ACT 1948	Pending	To be applied in due course
9.	Factory License under Factories Act 1948	Pending	To be applied in due course



PART L

COMPANY'S FINANCIAL FEASIBILITY

- 1. PROJECTIONS OF THE FIRM:** The projections of the firm are done From FY 2023-24 to FY 2030-31 based on the revenue generation capacity of the project and total expected expenses are shown as below:

A. PROJECTED PROFIT & LOSS ACCOUNT: Below table shows the Projected Profit & Loss Account of M/s Varahamurti Flexirub Industries Private limited foam factory from the period FY 2024 to FY 2031.

Particulars	Mar-24	Mar-25	Mar -26	Mar -27	Mar -28	Mar -29	Mar -30	Mar -31
Capacity utilisation	15%	20%	25%	30%	35%	40%	45%	50%
Total Revenue	3.75	60.00	75.00	90.00	105.00	120.00	135.00	150.00
Cost of sales								
Raw materials Consumed	0.18	36.00	45.00	54.00	63.00	72.00	81.00	90.00
Power and fuel	0.03	0.41	0.52	0.62	0.72	0.83	0.93	1.03
Direct labour (factory wages and salary)	0.29	4.61	5.76	6.92	8.40	10.35	12.48	15.28
Repair & maintenance	0.01	0.26	0.32	0.54	0.62	0.71	0.80	0.89
Other factory overheads	0.10	1.61	2.01	2.41	3.14	3.59	4.04	4.48
Cost of production	0.60	42.89	53.61	64.48	75.88	87.47	99.25	111.68
Add op. stock of finished goods		0.04	0.69	0.87	1.04	1.22	1.39	1.56
Ded. Cl. Stock of finished goods	0.04	0.69	0.87	1.04	1.22	1.39	1.56	1.74
Total cost of sales	0.56	42.24	53.44	64.31	75.71	87.30	99.08	111.51
Selling, Gen. and Admn. Exp.	0.83	11.80	14.00	16.41	18.74	21.42	24.10	26.78
Total Cost	1.39	54.03	67.43	80.72	94.45	108.72	123.18	138.29
EBITDA	2.36	5.97	7.57	9.28	10.55	11.28	11.82	11.71
Depreciation	0.70	0.67	0.65	0.63	0.61	0.59	0.57	0.55
EBIT	1.66	5.29	6.91	8.65	9.94	10.69	11.25	11.16
Interest	1.01	1.71	1.45	1.19	0.92	0.66	0.40	0.14
Oper. Profit after interest	0.65	3.58	5.47	7.46	9.01	10.03	10.85	11.02
Profit before tax/Loss	0.65	3.58	5.47	7.46	9.01	10.03	10.85	11.02

Provision for taxes	0.18	1.00	1.52	2.08	2.51	2.79	3.02	3.07
Net Profit/loss	0.47	2.59	3.95	5.39	6.51	7.24	7.83	7.95

B. PROJECTED BALANCE SHEET: Below table shows the Projected Balance Sheet of M/s Varahamurti Flexirub Industries Private limited foam factory from the period FY 2024 to FY 2031.

Particulars	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Capacity utilisation	15%	20%	25%	30%	35%	40%	45%	50%
CURRENT LIABILITIES								
From applicant bank	1.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Current Maturities of long term debts	1.01	1.71	1.45	1.19	0.92	0.66	0.40	0.14
Sub total	2.01	5.71	5.45	5.19	4.92	4.66	4.40	4.14
Sundry Creditors (Trade)	0.03	4.44	5.55	6.66	6.90	6.90	6.66	7.40
Provision for taxation	0.18	1.00	1.52	2.08	2.51	2.79	3.02	3.07
Other statutory Liabilities (due within one year)	0.10	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Expenses payable	0.40	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Sub total	0.71	8.24	9.87	11.53	12.21	12.49	12.48	13.26
TOTAL CURR. LIABILITIES	2.72	13.94	15.32	16.72	17.14	17.16	16.88	17.40
TERM LIABILITIES								
Term Loan from Banks	21.75	18.64	15.54	12.43	9.32	6.21	3.11	0.00
Less:- Current Maturities of long term debts	1.01	1.71	1.45	1.19	0.92	0.66	0.40	0.14
Other Long- term liabilities- Security from Customer	0.20	0.66	0.73	0.80	0.88	0.97	1.96	2.16
TOTAL TERM LIABILITIES	20.94	17.60	14.82	12.04	9.28	6.52	4.67	2.02
SHARE PREMIUM								
Capital reserve and surplus	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Surplus(+)/deficit(-) in P&L a/c	0.47	3.06	7.00	12.39	18.90	26.13	33.96	41.92
NET WORTH	7.72	10.31	14.25	19.64	26.15	33.38	41.21	49.17
TOTAL LIABILITIES	31.38	41.84	44.38	48.40	52.56	57.06	62.76	68.59
CURRENT ASSETS								
Cash and bank balance	2.21	2.48	1.54	1.43	1.13	1.02	1.00	0.99
Receivable (other than deferred and)	0.31	5.75	8.22	11.10	14.38	18.08	22.19	24.66
Inventory								
Raw Material	1.31	5.25	7.88	9.19	10.50	12.08	13.89	15.97

Finished goods	0.04	0.69	0.87	1.04	1.22	1.39	1.56	1.74
Advance payment of taxes	0.16	0.90	1.37	1.87	2.26	2.51	2.72	2.76
Others Loan and advances	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Others Current assets	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL CURRENT ASSETS	5.34	16.38	21.17	25.92	30.79	36.38	42.65	47.41
FIXED ASSETS								
Building	8.07	7.95	7.83	7.71	7.60	7.48	7.37	7.26
Plant and Machinery	15.37	14.82	14.28	13.77	13.27	12.80	12.34	11.89
Net	23.44	22.77	22.11	21.48	20.87	20.28	19.71	19.15
OTHER NON-CURR ASSETS								
Adv. to supplier of capital goods and contractors	2.50	2.60	1.00	0.90	0.80	0.30	0.30	1.93
Security deposits	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
TOTAL ASSETS	31.38	41.84	44.38	48.40	52.56	57.06	62.76	68.59

C. REVENUE BUILD-UP: Production has been considered based on the capacity utilization start from 15% for 1 months in the initial year and then 20% in FY 2025 (Escalated by 5% for next 4 forecasted years than keep it constant for last 3 years at 40%) during the estimated period.

Particulars		Mar - 24	Mar - 25	Mar - 26	Mar - 27	Mar - 28	Mar - 29	Mar - 30	Mar - 31
Capacity in %	Total capacity 1000 kg/Month	15%	20%	25%	30%	35%	40%	45%	50%
Capacity in tons		150	200	250	300	350	400	450	500
Capacity T kg		150000	200000	250000	300000	350000	400000	450000	500000
Foam Revenue	Price per kg 250	3.75	60.00	75.00	90.00	105.00	120.00	135.00	150.00
Total Revenue		3.75	60.00	75.00	90.00	105.00	120.00	135.00	150.00



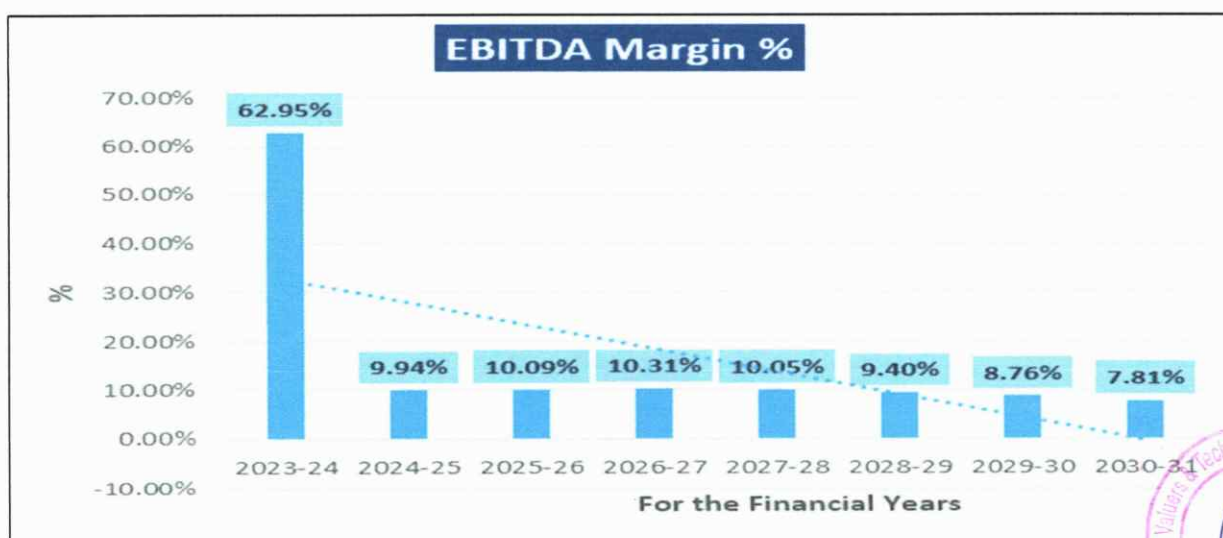
D. ESTIMATED KEY FINANCIAL METRICS:

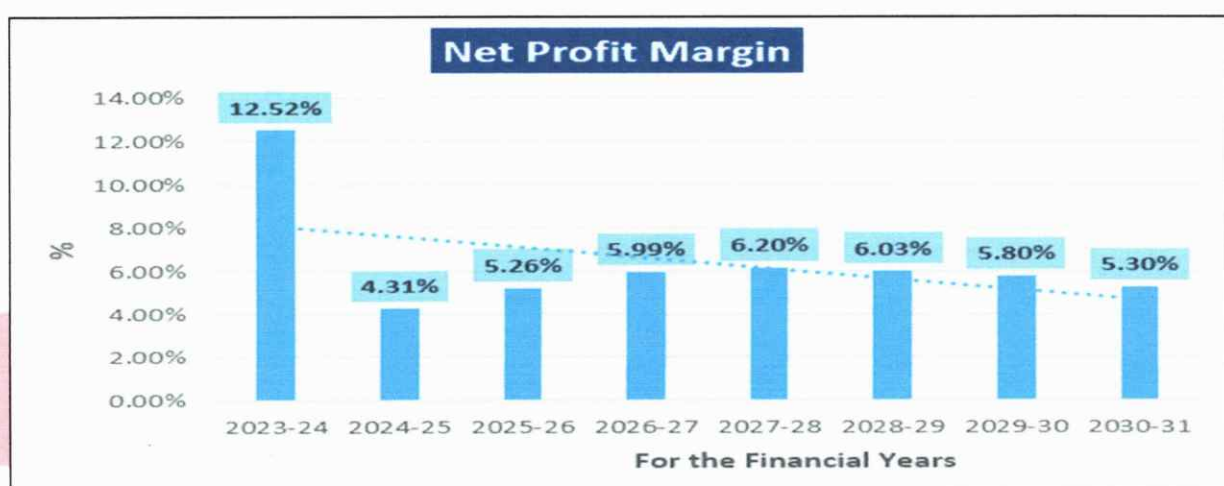
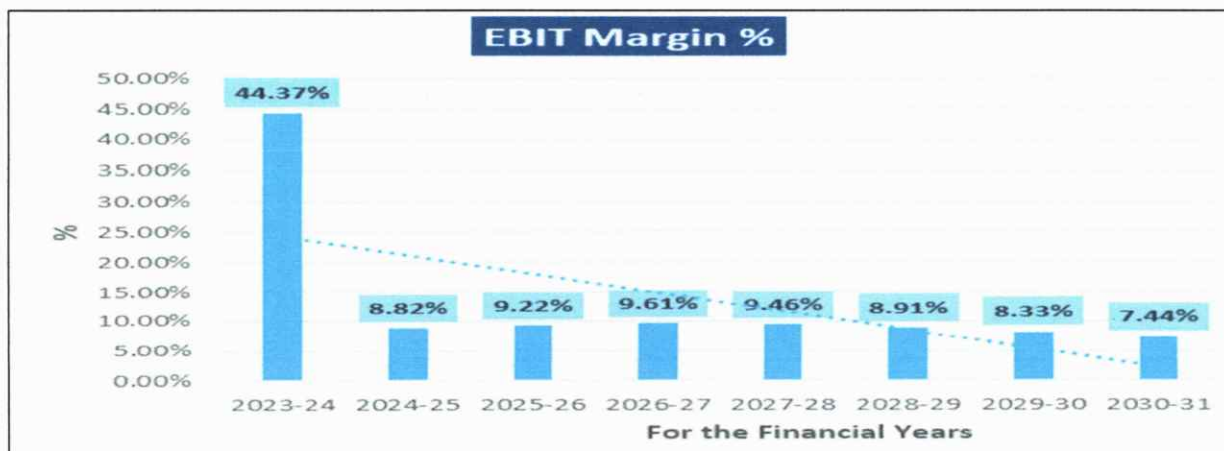
Particulars	Mar - 24	Mar - 25	Mar - 26	Mar - 27	Mar - 28	Mar - 29	Mar - 30	Mar - 31
Months	1	12	12	12	12	12	12	12
Net Profit Margin (%)	12.52%	4.31%	5.26%	5.99%	6.20%	6.03%	5.80%	5.30%
EBITDA Margin (%)	62.95%	9.94%	10.09%	10.31%	10.05%	9.40%	8.76%	7.81%
EBIT Margin (%)	44.37%	8.82%	9.22%	9.61%	9.46%	8.91%	8.33%	7.44%
Revenue Growth (Y.O.Y.) (%)			25.00%	20.00%	16.67%	14.29%	12.50%	11.11%

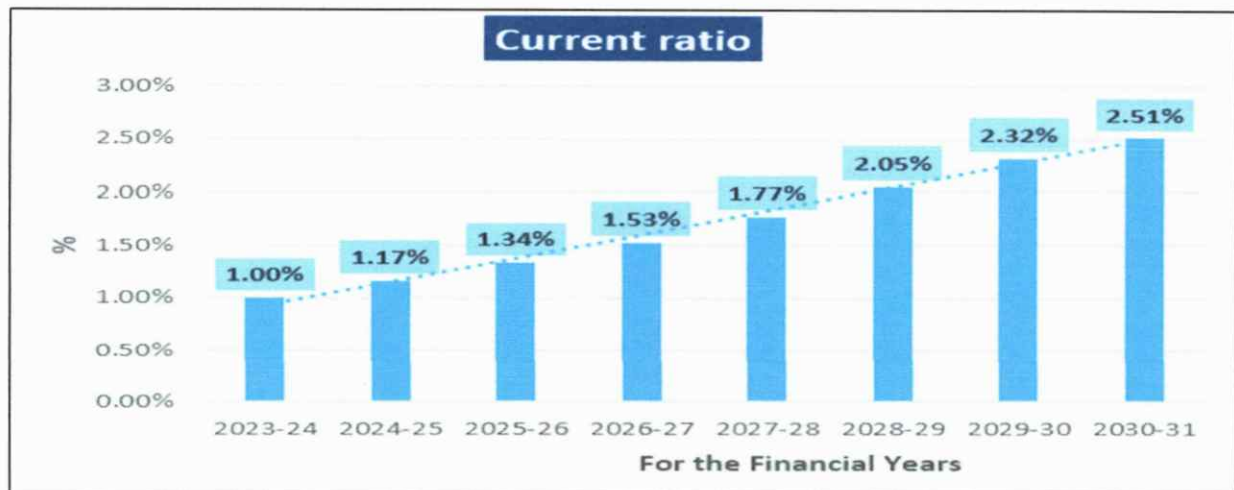
E. DEBT SERVICE COVERAGE RATIO (DSCR):

Particulars	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	TOTAL
Net Profit after tax and dividend	0.47	2.59	3.95	5.39	6.51	7.24	7.83	7.95	41.92
Depreciation	0.70	0.67	0.65	0.63	0.61	0.59	0.57	0.55	4.99
Interest on term loan	1.01	1.71	1.45	1.19	0.92	0.66	0.40	0.14	7.48
Total	2.18	4.97	6.05	7.20	8.04	8.49	8.81	8.65	54.39
Instalments of Term Loan		3.11	3.11	3.11	3.11	3.11	3.11	3.11	21.75
Interest on term loan	1.01	1.71	1.45	1.19	0.92	0.66	0.40	0.14	7.48
Total Debt	1.01	4.81	4.55	4.29	4.03	3.77	3.51	3.25	29.23
D.S.C.R.	2.15	1.03	1.33	1.68	1.99	2.25	2.51	2.66	15.61
Average D.S.C.R.	1.73								

2. GRAPHICAL REPRESENTATION OF KEY FINANCIAL METRICS:

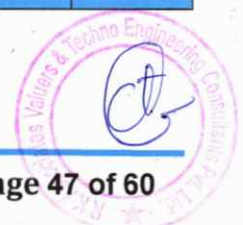






3. BREAK-EVEN ANALYSIS:

Particular	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Months	1	12	12	12	12	12	12	12
Capacity utilisation	15%	20%	25%	30%	35%	40%	45%	50%
Sales (S)	3.75	60.00	75.00	90.00	105.00	120.00	135.00	150.00
PBT	0.65	3.58	5.47	7.46	9.01	10.03	10.85	11.02
% of VC	14.93%	70.40%	71.25%	71.45%	72.10%	72.75%	73.39%	74.34%
VC (V)	0.56	42.24	53.44	64.31	75.71	87.30	99.08	111.51
FC (F)	2.54	14.18	16.10	18.23	20.28	22.68	25.07	27.47
Contribution (S-V)	3.19	17.76	21.56	25.69	29.29	32.70	35.92	38.49
Breakeven Sales (F/C*S)	2.99	47.89	55.98	63.85	72.69	83.21	94.23	107.06



Breakeven installed capacity (F/C*U)	0.12	0.16	0.19	0.21	0.24	0.28	0.31	0.36
Cash Breakeven Installed capacity (F-Depreciation/C*U)	0.09	0.15	0.18	0.21	0.24	0.27	0.31	0.35

Break-Even Sales, breakeven installed capacity and cash breakeven installed capacity of the company has been shown in the above table during the forecasted period. Therefore, given the fixed costs and variable costs, and selling price of all the foams, company would need to sell its services as per numbers calculated in the above table to break even.

4. **LOAN AMORTIZATION SCHEDULE:** As per Loan disbursement and amortization schedule shared by the banker, according to the project costs incurred during the estimated period below table shows the balance of principle and interest during the projected period.

Particulars	Numbers in Crores
Cost of Project (COP)	29.00
Term Loan	21.75
No. of Instalment	84
Gestation Period	14 Months
Rate of Interest	8.4 %

Year	Opening Balance	Additions	Repayment	Closing Balance	Interest
2022-23	0.00	5.00	0.00	5.00	0.05
2023-24	5.00	16.75	0.00	21.75	1.01
2024-25	21.75	0.00	3.11	18.64	1.71
2025-26	18.64	0.00	3.11	15.54	1.45
2026-27	15.54	0.00	3.11	12.43	1.19
2027-28	12.43	0.00	3.11	9.32	0.92
2028-29	9.32	0.00	3.11	6.21	0.66
2029-30	6.21	0.00	3.11	3.11	0.40
2030-31	3.11	0.00	3.11	0.00	0.14
Total			21.75		7.53



5. KEY ASSUMPTIONS & BASIS:

S. No.	Item	Assumptions and Basis
1.	General	<p>a. The projections of the firm are done for the period from FY 2023-24 to FY 2030-31, 8 years, to cover the term loan period.</p> <p>b. We have considered Revenue and cost based model while making the future financial projections.</p>
2.	Revenue Build up	<p>a. Total income for the financial years during the forecasted period will be generating from selling of foams.</p> <p>b. Revenue has been estimated in line of the prevailing market rates in Delhi-NCR. The installed capacity of the new unit shall be 1000 MT Foam per month. But at present we are considering 150 MT for 1 month in FY 2024 and then 200 MT foam production per month for FY 2025 and gradually increase up to 500 MT per month in the last forecasted year.</p> <p>c. As per discussion with the company, the main foam making machine and auxiliary parts and equipment are being purchased for estimated production capacity of 1000 MT/month.</p> <p>d. Selling Price of foam is considered Rs. 250 Rs. per kg. In actual price of foam is very fluctuating due to price fluctuation of raw material and variation in quality. Hence we have considered the average price of the raw materials, as per the list of raw materials provided by the company.</p> <p>e. Total revenue has been calculated based on the assumption of, monthly sales as per the assumed capacity per year multiplied by assumed price per kg.</p> <p>f. Thus the company is generating INR 3.75 Crores in the initial first month, which is in the line with historical trends. Further it has increased up to INR 150 Crores till FY 2030-31.</p>



S. No.	Item	Assumptions and Basis
		g. Therefor the company is achieving a revenue growth rate Y-o-Y basis, which is also in the line with industrial & economic trends and on conservative side.
3.	Pricing (Average Revenue Per test Per Annum)	<p>a. Company has provided us a list of raw material required for foam production with price per kg.</p> <p>b. As per the information provided by the company the main raw material used by the company will be Toluene-Di-Isocyanate (TDI). And its price per kg is INR 251/-.</p> <p>c. We have also verified the price of raw materials in public domain, which are in line as per the data given by the company. Hence we have considered the price of raw material rounded off as INR 250/- per kg.</p> <p>d. Factors such as prominent location, past rich experience of promoters, latest data in public domain, peers pricing has been considered to rectifying the said prices of proposed products.</p>
4.	Capacity Utilization	<p>a. For the proposed foam factory, since the company's promoters are having prior experience in the same industry, thus initially we have assumed a 15% capacity utilization for 1 month of FY 2024 and then from next year we have considered 5% escalation rate till the last forecasted year, for last year reached at 50% (at 500 MT / Month capacity).</p> <p>b. As per discussion with the company, the main foam making machine and auxiliary parts and equipment are being purchased for estimated production capacity of 1000 MT/month. Company has proposed this plant for the purpose of backward integration. Hence it will produce the foams as per its internal use of foams.</p>



S. No.	Item	Assumptions and Basis
		<p>c. Hence, the company's capacity utilization has been envisaged at 20% of available capacity for the first full operating year, 25% in the Second, 30% in the third year, 35% in the fourth year, 40% in the fifth year, 45% in the sixth year and 50% in the seventh year.</p> <p>d. We have considered the capacity utilization on conservative basis to keep a mark-up for future market & economic risks in the Project.</p>
5.	Capital Expenditure	<p>a. As per discussion with the client, company has made a decision to purchase the land, which is economically viable, since the lease/rent rate of the property at the said location is very much higher on monthly/annual basis.</p> <p>b. The freehold land for proposed project, costs 2.15 Crores to the company. During the time of our site visit we have found that the land was demarcated by temporary wire fencing and the company has not started any construction work yet.</p> <p>c. The Firm proposes to construct the building as per requirement of the project at an estimated cost of 8.19 Crores having total covered area of 59,000/-SQ ft (First Building of 18000 Sq ft and Second building of 24000 Sq ft and third building of 21000 Sq ft). These Buildings will accommodate all activity related to foam production. The cost include cost for construction of road, boundary wall and truck parking area as well.</p> <p>d. The cost of Plant & Machinery has been estimated at Rs. 15.94 crores, including purchases of all the required equipment for the proposed foam factory.</p> <p>e. As per shared quotations and purchase orders, tertiary research and information available in the public domain, we found that the main automatic continue foam production line</p>

S. No.	Item	Assumptions and Basis
		<p>will be purchased from Hennecke, Germany. Hennecke is a worldwide reputed name for automatic foam production line. This machine is good for high quality foam production. Hence, the cost of proposed plant and machinery is reasonable.</p> <p>f. Few other supporting machine like Conveyer, Cutting Machine, Roll Machine and Crane Company is planning to import from China.</p> <p>g. Other than the above storage tank for chemical with in build feature of cooling and heating process company is planning to procure from local suppliers. Company will also procure locally stand for foam machine, valve, pumps and all other accessories.</p> <p>h. All the machineries are need based and the selection of the suppliers has been made by the promoters based on their past experience and Market survey.</p>
6.	Expenses	<p>a. Major expenses includes Cost of raw materials, Power and fuels, Direct labour, Repair & maintenance expenses, other factory overheads etc.</p> <p>b. For the proposed foam factory, the cost of raw material is considered at 60% of the total revenue per month. As per our independent research and information available on public domain this cost is proportionated to the number of foams production in that year, which is in line with the industry standards.</p> <p>c. The Basic raw material for manufacturing of P. U. Foam is Polyol, T.D.I., MDI, Silicon, Calcium, Carbonate, Amine and water. Raw material are available indigenously in open market through traders or directly from manufacturers and also imported from abroad. Import from abroad in bulk quantity is most cost effective.</p>



S. No.	Item	Assumptions and Basis
		<p>d. As per tertiary research regarding the average number of employees required to operate a foam factory and proposed employees details shared by the client, average salary is being provided by the client based on the trending in the market and annual increment 10% has been considered. The company will be having 75 employees initially to start the operations of proposed foam factory.</p> <p>e. The details of power and fuel requirements are given in the report. For the purposes of preparation of profitability statement, it has been assumed that 100% of power shall be available from State Electricity Board.</p> <p>f. Adequate Provisions for Misc. Factory Expenses, other expenses like repair & maintenance rent, taxes and insurance etc., has been made while calculating profitability.</p> <p>g. All the other cost are considered as a % of revenue and are growing with the company's revenue as it is growing Y-o-Y basis, which is also in the line with industrial & economic trends and on conservative side. As compared to industry trends and peers scales, Company is expected to have a higher EBITDA due absence of rental/lease expenses.</p>
7.	Partial Loan	<p>a. Term loan of INR 21.75 Crores from State Bank of India as the company planned to establish Foam Factory at Poothri, Meerut, Uttar Pradesh.</p> <p>b. The tenure of the loan will be 7 years in which first one years will be considered as moratorium period.</p> <p>c. Interest rate has been decided for all the projected years will be 8.40% applied by the bank.</p>



S. No.	Item	Assumptions and Basis
		d. Thus the loan repayment period will be from FY 2025 to FY 2031.

Conclusion:

1. DSCR, EBITDA and EBIT margin is positive in all years starting from initial year on 15% utilization capacity which has assumed maximum up to 50% up to end of 8th year.
2. DSCR, has achieved more than 1 during the loan repayment period.
3. Average **Net DSCR**, **EBIDTA** margin, **EBIT** margin is **1.73**, **9.48%**, and **8.83%** respectively during the estimated period.
4. Based on the above key financial ratios of the Project during the forecast period for the proposed project shows that the project looks financially viable if the Project Company & promoters are able to maintain minimum capacity utilization, revenue and can contain cost as assumed above.

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PART M

CONCLUSION

Based on the technological, economical and market analysis done above, various Industry assumptions taken, pricing to be adopted by the company, the Project appears to be Techno-commercially viable subject to the risks, threats, weaknesses, limitations of the services and equipment as detailed previously.


As per financial projections for the estimated period, **Average Net DSCR, EBITDA Margin** of the project are **1.73, and 9.48%** respectively, where DSCR is the indicator of the project capability to pay out its outstanding debt and EBITDA margin shows the capability of the project to generate the operating profits over the forecasted period. While it is not avoidable that the future projections may change in the upcoming years due to various factors impacting the operation, managerial, financial efficiency and economies of scale of the project.

It would be depending on the management's capability in future that how efficiently company adopts marketing and advertisement strategy, supply chain and carry out inventory & resource management to achieve higher profitability.

After considering the foreseen high demand of the foam manufacturers domestically and globally, financial analysis of the project based on the assumptions taken over the projected period, it appears reasonable to comment that the proposed project is "**Technically and Economically**" Viable subject to current assumptions considered and occurring the same in the upcoming years same as the forecasted period which is dependent on the sincerity and efforts of the management and various micro and macroeconomic & industry situation.

We have tried our level best to analyse the Project techno-economic feasibility of the Project based on the Industry research, Project information and various futuristic assumption taken. However achieving the financial milestones depends on the ability, sincerity and efforts of the company, promoters and its key managerial performance.



Declaration	i. The undersigned does not have any direct/indirect interest in the above property.	
	ii. The information furnished herein is true and correct to the best of our knowledge, logical and scientific assumptions.	
	iii. This TEV Report is carried out by our Financial Analyst team on the request from State Bank of India, SME Ranipur Branch, Sector – 5, BHEL, Haridwar, Uttarakhand.	
	iv. Meeting of Financial projections will be subject to subject to the market & economy stability factors, judicious business operations and proper & timely implementation of its process & product re-engineering & improvements plans for achieving high productivity, efficiency and achieving cost saving benefits.	
	v. We have submitted TEV report to the Client.	
Name & Address of consultant company		Signature of the authorized person
M/s. R.K. Associates Valuer & Techno Engineering Consultants Pvt. Ltd. D-39, 2 nd Floor. Sector-2, Noida- 201301		
Enclosed Documents	Disclaimer & Remarks 57-60	
Number of Pages in the Report	60	
Financial Analyst Team worked on the report	PREPARED BY: Mrs Chhavi Toshan	
	REVIEWED BY: Mr Gaurav Kumar	

For R.K Associates Valuer & Techno

Place: Noida

Engineering Consultants (P) Ltd.

Date: 02/03/2023

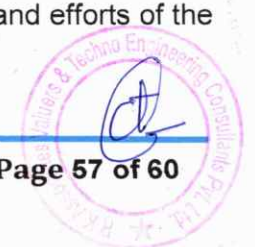
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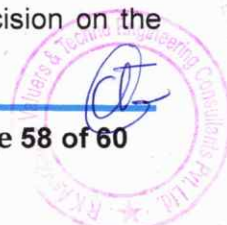
PART N

DISCLAIMER | REMARKS

1. No employee or member of R.K Associates has any direct/ indirect interest in the Project.
2. This report is prepared based on the copies of the documents/ information which the Bank/ Company has provided to us out of the standard checklist of documents sought from them and further based on our assumptions and limiting conditions. The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. All such information provided to us has been relied upon in good faith and we have assumed that it is true and correct in all respect. I/We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the owner, company, its directors, employee, representative or agents. Verification or cross checking of the documents provided to us from the originals or from any Govt. departments/ Record of Registrar has not been done at our end since this is beyond the scope of our work. If at any time in future, it is found or came to our knowledge that misrepresentation of facts or incomplete or distorted information has been provided to us then this report shall automatically become null & void.
3. Legal aspects for e.g. investigation of title, ownership rights, lien, charge, mortgage, lease, sanctioned maps, verification of documents, etc. have not been done at our end and same has to be taken care by legal expert/ Advocate. It is assumed that the concerned Lender/ Financial Institution has satisfied them with the authenticity of the documents, information given to us and for which the legal verification has been already taken and cleared by the competent Advocate before requesting for this report. I/ We assume no responsibility for the legal matters including, but not limited to, legal or title concerns.
4. This report is a general analysis of the project based on the scope mentioned in the report. This is not an Audit report, Design document, DPR or Techno feasibility study. All the information gathered is based on the facts seen on the site during survey, verbal discussion & documentary evidence provided by the client and is believed that information given by the company is true best of their knowledge.
5. This Techno Economic-Viability study is prepared based on certain futuristic assumption which are intra dependent on economic, market and sectorial growth condition in future and socio-economic, socio-political condition at macro and micro level.
6. Meeting of assumption and financial ratio will entirely depend on the sincerity and efforts of the company, promoters and its key managerial performance.

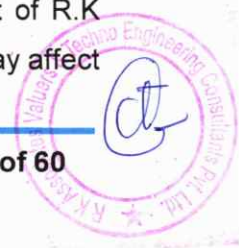


7. All observations mentioned in the report is only based on the visual observation and the documents/ data/ information provided by the client. No mechanical/ technical tests, measurements or any design review have been performed or carried out from our side during Project assessment.
8. Bank/FII should **ONLY** take this report as an Advisory document from the Financial/ Chartered Engineering firm and its specifically advised to the creditor to cross verifies the original documents for the facts mentioned in the report which can be availed from the borrowing company directly.
9. In case of any default in loans or the credit facility extended to the borrowing company, R.K Associates shall not be held responsible for whatsoever reason may be and any request for seeking any explanation from the employee/s of R.K Associates will not be entertained at any instance or situation.
10. The documents, information, data provided to us during the course of this assessment by the client **are** reviewed only up to the extent required in relation to the scope of the work. No document has been reviewed beyond the scope of the work.
11. This report only contains general assessment & opinion as per the scope of work evaluated as per the information given in the copy of documents, information, data provided to us and/ and confirmed by the owner/ owner representative to us at site which has been relied upon in good faith. It doesn't contain any other recommendations of any sort including but not limited to express of any opinion on the suitability or otherwise of entering into any transaction with the borrower.
12. We have relied on data from third party, external sources & information available on public domain also to conclude this report. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context, however still we can't vouch its authenticity, correctness or accuracy.
13. This Report is prepared by our competent technical team which includes Engineers and financial experts & analysts.
14. This is just an opinion report and doesn't hold any binding on anyone. It is requested from the concerned Financial Institution which is using this report for taking financial decision on the



project that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.

15. All Pages of the report including annexure are signed and stamped from our office. In case any paper in the report is without stamp & signature then this should not be considered a valid paper issued from this office.
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19. Our Data retention policy is of **ONE YEAR**. After this period, we remove all the concerned records related to the assignment from our repository. No clarification or query can be answered after this period due to unavailability of the data.
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