

PROJECT REPORT

FOR

**MANUFACTURING OF FOAM
(PRIMARIELY FOR FURNITURE MARKET)**

BY

VARAHAMURTI FLEXIRUB INDUSTRIES PRIVATE LIMITED

**Puthri, Meerut (Uttar Pradesh)
Near Modinagar**

Project Highlights

Varahamurti Flexirub Industries Private limited

- | | | |
|--|----------|--|
| 1. Registered Office | : | 6715/10, 1st Floor, Pyarelal Road
Gali No.1, Dev Nagar, Karol Bagh,
New Delhi - 110005 |
| 2. Authorised Capital | : | 7,50,00,000 (Seven Crores Fifty Lakhs) |
| 3. Paid Up Capital | : | 6,50,00,000 (Six Crores Fifty Lakhs only). |
| 4. Correspondence Address | : | 419, KM Trade Tower,
(Radisson Blu Hotel), Sector -14
Kaushambi, Ghaziabad
(Delhi NCR) - 201010 |
| 5. Name & | : | VARAHAMURTI FLEXIRUB
INDUSTRIES PRIVATE LIMITED |
| Works address | : | Village - Puthri,
Pargana Tehseel – Meerut
Uttar Pradesh – 250205
(Near Modinagar) |
| 6. Constitution | : | Private Limited Company |
| 7. Line of activity | : | Manufacturing of P U Foam by
Continuous line systems |
| 8. Installed Capacity
(Proposed Foam Factory) | : | Foam 1000 Metric Ton Per. Month |
| 9. Project Cost | : | (Amount in Rs. Lakhs) |
| (a) Land Cost | : | 214.75 |
| (b) Building | : | 819.20 |
| (c) Plant & Machinery | : | 1594.47 |
| (d) Misc. Fixed assets | : | |
| (e) Preliminary
Pre-Operative Expenses | : | |
| (f) Contingencies | : | 72.00 (3 % of Building and Machinery) |
| (g) Margin for Working Capital | : | 200 (FD require for LC) |
| Total | : | 2900.42
(Rounded off to 29 crores) |

8. Means of Finance.

(a) Reserve and Surplus : 725.00
(b) Capital Subsidy/U. Loan :
(c) Term Loan : 2175.00

Total : 2900.00

8 A Margin money requirement

25 % of total fixed asset and FD RS. 2900.00 Lakhs : 725.00 Lakhs

Margin money for working Capital : 170.00 Lakhs

(Enhancement of CC Limit)

Total 895.00 Lakhs

9. Employment Potential (Additional) : 75 Persons

10. Break Even Point :

11. Working Capital Requirement :

12. Power Requirement :

13. Debt equity ratio :

14. Debt service coverage Ratio :

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Brief on Project

PROJECT REPORT OF VARAHAMURTI FLEXIRUB INDUSTRIES PRIVATE LIMITED

VARAHAMURTI FLEXIRUB INDUSTRIES PRIVATE LIMITED has been promoted by Sh. Mukesh Gupta, Sh. Nipun Gupta and Sh. Nitin Gupta. All the promoters are closely related to each other. The company was incorporated on 21/08/2003 and is registered with the Registrar of Companies, NCT of Delhi and Haryana vide Registration No. U25199DL2003PTC121855. The Company was setup to manufacture mattress & linen for the hospitality sector and retail market.

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".

The company started production in year 2008 with a turnover of 31.63 lacks and finally we closed in the year 2022 with turnover of RS. 168.51 Crores (Excl. of GST).

The company proposes to set up a foam factory in Puthri near our existing mattress factory in Gejha. Our 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 our 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. Use of installed capacity will depend on demand of foam from local and export market.

The proposed site for foam factory is located in village Puthri approx. 1 km from our factory in Gejha . Total land at this site is more than 20,000 Sq Meters.

This land is in rectangle shape and very much suitable for foam factory. There is a road connectivity till this plot .This land is acquired in May 2022. Cost of land is Rs.214.75 lakhs including amount of stamp duty.

Our Brand "Springfit" is a reputed brand in Mattress industry and production and sales of Foam is just an extension of present business. We have sales team and

Dealers/Distributors network across the country. Some part of foam production will be used for spring mattress production in our factory in Meerut, Haridwa, Coimbatore and Vadodara and we are also planning to launch various other type of foam mattress. Rest of the foam production capacity will be used for sale of foams to other mattress producers and furniture market.

MANAGEMENT & TECHNICAL COMPETENCY

The day -to -day affairs of the concern shall be looked after by Sh. Mukesh Gupta (Managing Director) along with his two sons Sh. Nipun Gupta (Director) and Sh. Nitin Gupta (Director). All the promoters are very well experienced in this line.

Shri Mukesh Gupta is a renowned name in the mattress industry and he is having experience of more than 40 years in the industry. Sh. Nipun Gupta, (Director) is very well experienced in mattress industry since his college days as it was a family business. He is already manufacturing Spring Mattress in Haridwar, Coimbatore, Meerut and Vadodara and marketing its products directly to the Hotel Industry. All the Digital, Institutional Business and Export Business looked after by him.

Our Company is the front runner in Innovations of new product launch and introduction in India.

Shri. Nitin Gupta (Director) is very enthusiastic young face in the industry known for his attractive and transparent policies and cutting – edge marketing strategies. All the research & development and innovations in mattress of Springfit brand is done by Nitin Gupta (Director) passed from Symbois design Institute Pune. He is already marketing its products directly to the domestic market through distributors and dealers' network.

MARKETING

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.

We 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. Also, we are selling our own mattress on our own website www.springfit.com. We are 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.

MANUFACTURING PROCESS

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.

RAW MATERIAL REQUIREMENT

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.

LAND & SITE DEVELOPMENT

We have Five acre land at Village – Puthri , District – Meerut. This factory site in near to Modinagar. Our site is connected with NE 3 (National expressway 3). As we all know that now connectivity for Delhi NCR to Modinagar and Meerut is excellent. Upcoming rapid metro from Delhi to Meerut will also add value to this.

Our factory site is just 70 KM from ICD Dadri. This is good for all export and import related activity. We are doing bulk export of mattress from our Gejha factory and we will require to import raw materials for foam production.

Entire Delhi NCR is within 100 KM range from our factory. We have advantage to supply in short notice in Delhi NCR market .There is no need to explain about consumption of foam and mattress in Delhi NCR market.

Our corporate office is in Kaushambi, Ghaziabad, just 60 KM for our factory. This is good in terms of administrative control in cost effective manner.

BUILDING

The Firm proposes to construct the building as per requirement of the project at an estimated cost of 819 lakhs having total covered area of 59,000/-SQ ft (1 Building of 18000 Sq ft and One 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.

PLANT & MACHINERY

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.

We have placed the order for above mention foaming line. Negotiated price for this machine is 1300000 Euro and in this regard we have paid 10% booking amount on 1st of Aug 2022.

Payment plan for this machine is as below:

10 % upon conclusion of the contract PAID on 1st Aug

20% 60 days after conclusion of the contract **to be paid in Sept 2022**

Remaining 70 % as an irrevocable and confirmed **L.C in Dec 2022**

This machine will be delivered in Sept 2023.

Few other supporting machine like Conveyer, Cutting Machine, Roll Machine and Crane we are planning to import from China.

Other than the above storage tank for chemical with in build feature of cooling and heating process we are planning to procure from local suppliers. We will also procure locally stand for foam machine, valve, pumps and all other accessories.

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. Details of Machinery (Imported and Indigenous) has been annexed as Annexure.

Cost of the imported machinery considered as per import of machinery under **EPCG** Licenses.

PRE- OPERATIVE EXPENSES/ FIXED ASSET

Company will manage pre-operative expenses by its own.

MARGIN MONEY FOR WORKING CAPITAL

We have 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 we are able to operate with less amount of working capital and less working capital limit.

At this point of time we are considering enhancement of CC Limit from Rs. 5 Crores to 10 Crores to meet requirement of current mattress business.

Raw material for P U Foam production can be imported and procured locally through traders. If require we can receive credit from local supplier as we are establish brand and company.

However in our CMA data we have considered 100% import of raw material and for import of row material we will require 8-10 crores LC limit.

For 8-10 cores LC limit we will require to create FD for 2 crores.

This proposed project will be operational in the end of 2023-24 so we will require LC limit from FEB 2024

PRODUCTION FACTORS AND UTILITIES

SITE: The site shall be having all the infrastructure facilities in the shape of availability of power, labor and well-connected roads.

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.

MAN POWER REQUIREMENTS

Man power requirements are estimated at 75 persons and the same would be recruited accordingly from the local state.

ESTIMATES OF COST OF SALES AND PROFITABILITY

The statement of estimated cost of sales and annual profitability is given in Annexure attached to the report. The statement is based on the following assumption: -

The installed capacity of the new unit shall 800- 1000 Tons Foam per month. But at present we are considering 200 tons foam production per month and gradually increase up to 400 tons per month in 3- 4th year.

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.

Manpower: Adequate provision of manpower has been made as per details given in Annexure to the report and annual increment 10 % has been considered.

The details of power and fuel requirements are given in Annexure to 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. The cost of power has been taken at Rs_____ /- per unit.

Calculation of depreciation has been made on written Down Value basis as per details given in Annexure to the report.

Interest on term loan has been calculated at reducing balance method.

The rates of raw material, chemicals and finished goods have been taken as per rates prevailing in the market.

Adequate Provisions for Misc. Factory Expenses, other expenses like repair & maintenance rent, taxes and insurance etc., has been made while calculating profitability.

Based on the above assumption of profitability statement the concern is expected to earn Sufficient Profits

D.S.C.R AND REPAYMENT PERIOD

The average D.S.C.R works out to and has been calculated in Annexure attached to the report. The Term Loan to be available from Bank is proposed to be repaid in 84 monthly installments.

CASH FLOW STATEMENT

The cash flow statement based on profitability statement in annexure attached to the report. It shall be observed there from that cash generation has an increasing trend year after year meeting the liabilities of principal and interest due to the bank on term loan.

Moreover, the Promoters know the sources procurement of all the items of raw material as they have been in this line of activity since long.

COST OF PROJECT & MEANS OF FINANCING

Cost of Civil Work	Rs. 819.19 Lakhs
Cost of Machineries	Rs. 1594.46 Lakhs

Total Cost of Project	Rs. 2413.65 Lakhs

Cost of Civil Work

S. No.	List of Development	Rate	Unit	No of Units	Price in INR
Calculation of Buildup Area					
1	Building 1		Sq. ft.	21000	
2	Building 2		Sq. ft.	18000	
3	Building 3		Sq. ft.	20000	
	Total Buildup area		Sq. ft.	59000	
Cost of Construction					
1	Civil Structure	422	Sq. ft.	59000	24,898,000
2	Floor	90	Sq. ft.	59000	5,310,000
3	PEB Structure	120	Per KG	235000	28,200,000
4	Window and Door	Approx.			500,000
5	Fire Safety Systems	Additional Cost			3,660,000
6	Electrical Fitting	Approx.			8,750,000
7	Road	80	Sq. ft.	25020	2,001,600
8	Truck Parking Area	20	Sq. ft.	50000	1,000,000
9	Compound Wall	4000	Running Mtr.	900	3,600,000
10	Main Gate and Security Post				1,000,000
11	Computer , Furniture and Fixtures				3,000,000
	Total Cost of Building				81,919,600

Machine Cost

Sl. No.	Item/Machine	Qty	Price	Total
1	Foam Machine	1	Euro 1300000	Euro 1300000
	Total EURO			1300000
2	SN-C4 Block Transfer Conveyor with Left and Right	1	\$7,500	\$7,500
3	SN-C12 12m Conveyor	1	\$6,500	\$6,500
4	SN-R63 Foam Rack System	2	\$80,000	\$160,000
5	SN-G32 Gantry System	1	\$119,500	\$119,500
6	SN-C30 30m Conveyor	1	\$13,800	\$13,800
7	SN-B2.0 Block Cutting Machine (Fix)	1	\$17,500	\$17,500
8	SN-MC-SB2.0 Block Cutter With Conveyor and Side cutter	1	\$12,800	\$12,800
9	SN-LP2.0 Long Sheet Foam Cutting Machine (30m)	1	\$22,000	\$22,000
10	SN-LP2.0 Long Sheet Foam Cutting Machine (30m)	1	\$30,000	\$30,000
11	SN-V4.0 Vertical Foam Cutting Machine	2	\$4,500	\$9,000
12	Joining and Counting roll machine	1	\$5,800	\$5,800
	Total USD			\$404,400
13	Tank	1		6,494,850
14	Machine Platform			1,300,000
15	Tank Valve and Pump			7,500,000
16	Chiller for Chemical			6,300,000
	Total INR			21,594,850
	Transport Cost			1,500,000
	Grand Total In INR			159,446,850

Note : 1 Euro = Rs. 80 ,1 USD = Rs.80

VARAHAMURTI FLEXIRUB INDUSTRIES PRIVATE LIMITED

DETAIL OF MANPOWER REQUIREMENT

Particulars	No. of Person	Salary Per Month	Amount (Rs.)
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		1,382,000
Add Perquisites @ 15%			207,300.00
MONTHLY SALARY & WAGES			1,589,300.00
ANNUAL SALARIES & WAGES			190.71 Lacs