

HOME FURNISHING

1. INTRODUCTION:

Textiles play an important role in enhancing home décor. Articles like wall hangings, curtains, tapestry, cushions, cushion covers, bed covers, quilts etc. are used in varying proportion in each household.

2. PRODUCT & ITS APPLICATION:

Bed covers, Duvet (Comforter) covers, Quilts, Cushions & Cushion covers are used in Medium and High income group households while curtains are used by almost every household. While some homes have properly designed and stitched curtains, others use a fabric sheet of any size and shape as a curtain when required. The flexible nature of textile fabric, its vibrant shades and variety of textures make it most ideal medium for home furnishing.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Graduate in any discipline.

4. INDUSTRY OUTLOOK & TRENDS:

The increase in income levels and disposable incomes is leading to continuous increase in demand for home furnishing. Rising levels of education and urbanization also leads of increased use of such products. These trends appear irreversible over next few decades.

5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Buying and/or furnishing a home is life time dream of everyone. Lady of the house takes pride in giving home décor a personal touch and therefore she is very choosy about furnishing products. That is why stores selling such products are crowded with women customers haggling over small details of designs, patterns, colors,

sizes, budgets and the like. Increasing population and nuclear families leads to spurt in demand for new houses which in turn leads to more demand for home furnishings. Families with working women have higher disposable income and such families spend a good percentage of their income on home furnishings.

6. RAW MATERIAL REQUIREMENTS:

Home furnishings are made out of variety of fabrics and involve almost all imaginable fibers like cotton, polyester, acrylic, viscose, jute, silk, bamboo, banana, soybean etc. Home furnishing fabrics have pastel to bright colors and are generally combined with different embroidery work, mirror glass work, beads, piping's, danglers etc. to add gloss and glare. Fabrics and accessories are easily available in most wholesale markets across the country.

7. MANUFACTURING PROCESS:

The fabric purchased in roll form is spread in layers on the cutting table. Patterns of various parts of the product made out of card board or plywood or metal are laid on the fabric in such a way that wastage of fabric is minimized. Several layers of fabric are then cut through vertical motorized blade. Products are stitched in assembly line manner wherein each machine operator completes only a part of the product. The stitching starts on the 1st machine and gets completed at the last stage where the product is inspected for quality defects if any. Some articles are sent for further work like embroidery, special patch-work, piping, glass work etc. Products are finally cleaned of loose yarn or dirt and packed in plastic bags as per customer requirements.

8. MANPOWER REQUIREMENT:

The enterprise shall need 40 employees as detailed below:

Sr. No.	Designation of Employees	Monthly Salary ₹	Number of employees required	Annual cost ₹. in lacs

1	Machine Operators	12,000	24	34.56
2	Helpers	8,000	12	11.52
3	Production supervisor	25,000	1	3.00
4	Accounts Executive	15,000	1	1.80
5	Stores Assistant	12,000	1	1.44
6	Office Boy	8,000	1	0.96
	Total		40	53.28

9. IMPLEMENTATION SCHEDULE:

The project can be implemented in 3 months as shown below:

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1
2	Construction (if applicable)	-
3	Procurement & installation of Plant & Machinery	2
4	Arrangement of Finance	2
5	Recruitment of required manpower	2
	Total time required (<i>some activities shall run concurrently</i>)	3

10. COST OF PROJECT:

Detailed cost of project is shown below:

Sr. No.	Particulars	₹ in Lacs
1	Land	-
2	Building	-
3	Plant & Machinery	15.55
4	Furniture, Electrical Installations	5.50
5	Other Assets including Preliminary / Pre-operative expenses	1.50
6	Margin for Working Capital	10.30
	Total	32.85

11. MEANS OF FINANCE:

Bank term loans are assumed @ 60% of fixed assets. The proposed funding pattern is as under:

Sr. No.	Particulars	₹ in Lacs
1	Promoter's contribution	19.32
2	Bank Finance	13.53
	Total	32.85

12. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 21.11 lacs as detailed below:

Sr. No.	Particulars	Gross Amt	Margin %	Margin Amt	Bank Finance
1	Inventories	36.72	40%	14.69	22.03
2	Receivables	7.00	40%	2.80	4.20
3	Overheads	3.10	100%	3.10	-
4	Creditors	-25.71	40%	-10.28	-15.42
	Total	21.11		10.30	10.81

13. LIST OF MACHINERY REQUIRED:

Sr. No.	Particulars	UOM	Qty	Rate (₹)	Value (₹ in Lacs)
	Plan & Machinery / equipments				
a)	Main Machinery				
i.	Single Needle Machine	Nos.	10.00	60,000	6.00
ii.	Double Needle Machine	Nos.	5.00	75,000	3.75
iii.	Eyelet Machine	Nos.	1.00	50,000	0.50
iv.	Overlock Machine	Nos.	2.00	40,000	0.80
	sub-total Plant & Machinery				15.55
	Furniture / Electrical installations				
a)	Inspection tables	Nos.	2.00	50,000	1.00
b)	Office & Store furniture	LS	1.00	1,50,000	1.50

c)	Desktop computer & printer	Nos.	2.00	50,000	1.00
d)	Storage system	LS	1.00	2,00,000	2.00
	<i>sub total</i>				5.50
	Other Assets				
a)	Rent Deposits		2.00	75,000	1.50
	<i>sub-total Other Assets</i>				1.50
	Total				22.55

Single Needle and Double Needle stitching machines are available from following suppliers. They have offices across several cities in India. There may also be other local machinery manufacturers offering alternate machines of various makes and models.

- IIGM Private Limited
Springdale No. 51,
Residency Road, 3rd cross,
Bangalore 560025
www.iigm.in
- Juki India Private Ltd
1090/I, Ground Floor,
18th Cross, Sector III,
HSR Layout,
Bangalore 560102
www.jukiindia.com
- Brother International (India) Pvt Ltd
Unit No.408, 215, Atrium B-Wing,
4th floor, Opp. Sangam Cinema,
Andheri Kurla Road, Andheri (East),
Mumbai 400093
www.brother.in

14. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year-1	Year-2	Year-3	Year-4	Year-5
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1	Capacity Utilization	%	60%	70%	80%	90%	100%
2	Sales	₹ in Lacs	335.24	391.11	446.99	502.86	558.73
3	Raw Materials & Other direct inputs	₹ in Lacs	307.79	359.09	410.39	461.69	512.99
4	Gross Margin	₹ in Lacs	27.45	32.02	36.59	41.17	45.74
5	Overheads except interest	₹ in Lacs	18.58	18.58	18.58	18.58	18.58
6	Interest	₹ in Lacs	2.89	2.89	2.89	2.89	2.89
7	Depreciation	₹ in Lacs	1.66	1.66	1.66	1.66	1.66
8	Net Profit before tax	₹ in Lacs	4.31	8.89	13.46	18.04	22.61

The above calculations are based on assumed unit sales price varying from ₹ 65 to ₹ 1100 for various products. The key raw material is assumed at a cost range of ₹ 70 to ₹ 100 per meter. Electricity tariff is assumed at ₹ 8 per Kwh.

15. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 46.94% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales Realization	₹. In Lacs	558.73
2	Variable costs	₹. In Lacs	512.99
3	Fixed costs incl. interest	₹. In Lacs	21.47
4	BEP = FC/SR-VC x 100 =	% of sales	46.94%

16. STATUTORY / GOVERNMENT APPROVALS:

The project does not require any specific government approval. Registration with MSME is optional. An Entrepreneur may be required to obtain Shops & Establishment Registration and Professional Tax registration by local Municipal authorities. Registration under Factories Act, Provident Fund Act and ESI provisions would be required depending upon the number of employees, the location, the level of mechanization and the age of the enterprise. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD OR FORWARD INTEGRATION:

As the machines used in the project are versatile, the Entrepreneur can also consider manufacture of men's readymade garments, ladies suits, children garments etc. depending on opportunities in the market he / she is familiar with.

18. TRAINING CENTERS/COURSES

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.

Source:- Udyami Mitra/Sidbi