

PROJECT REPORT

Of

HANDICRAFT JEWELLERY

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Handicraft Jewellery**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxx
- 3 Father / Spouse Name : xxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxxx State: xxxxxxxx
- Mobile xxxxxxx
- 5 Product and By Product : **HANDICRAFT JEWELLERY**
- 6 Name of the project / business activity proposed : **HANDICRAFT JEWELLERY UNIT**
- 7 Cost of Project : Rs.8.41 Lakhs
- 8 Means of Finance
- Term Loan Rs.6.57 Lakhs
- Own Capital Rs.0.84 Lakhs
- Working Capital Rs.1 Lakhs
- 9 Debt Service Coverage Ratio : 2.69
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 31%
- 13 Employment : 7 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Wood, stone, cloth piece, Thread, Joining hook, Metals, packing material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 60.67 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	2.00
Building / Shed 500 Sq ft	3.80
Plant & Machinery	1.50
Furniture & Fixtures	1.11
Working Capital	8.41
Total	8.41

MEANS OF FINANCE

Particulars	Amount
Own Contribution	0.84
Working Capital(Finance)	1.00
Term Loan	6.57
Total	8.41

HANDICRAFTED JEWELLERY

Introduction: Handmade jewellery (or handmade jewellery) is jewellery which has been assembled and formed by hand rather than through the use of machines. According to the guidelines of the U.S. Federal Trade Commission, in order to be stamped or called "handmade" in United States, the work must be made solely by hand power or hand guidance. This means that jewellery may be made using drills, lathes, or other machinery, but it must be guided by the human hand. "Handmade" is one of the most effective descriptors to help emphasize the quality and uniqueness of a product. Like any other word, though, it comes with baggage and must be used with care. A handicraft, sometimes more precisely expressed as artisanal handicraft or handmade, is any of a wide variety of types of work where useful and decorative objects are made completely by hand or by using only simple tools. It is a traditional main sector of craft and applies to a wide range of creative and design activities that are related to making things with one's hands and skill, including work with textiles, moldable and rigid materials, paper, plant fibers, etc. One of the world's oldest handicraft is Dhokra; this is a sort of metal casting that has been used in India for over 4,000 years and is still used. Usually, the term is applied to traditional techniques of creating items (whether for personal use or as products) that are both practical and aesthetic. Handicraft industries are those that produce things with hands to meet the needs of the people in their locality. This project deals in set of jewellery which includes a necklace and two bangles in each set.



Benefits of handcrafted jewellery: There is a certain allure to handmade jewellery. Some say its the uniqueness and individually that its infused with, others say that the allure is due to the hands on expert craftsmanship and passion that goes in to creating it. Here are the top 5 benefits of choosing handmade jewellery for your jewellery collection:

- 1. Designed and made by an Artisan:** When you're looking for jewellery that is both personal and meaningful, look no further. This type of jewellery is crafted by an expert jewellery designer and producer, often inspired by his or her environment or other elements in their life. This adds to the meaningfulness of the piece to both the owner/wearer and designer.
- 2. Environmentally Friendly:** It is generally known that mass-market production of products has various harmful effects on our natural environment and resources. Handmade jewellery is not mass produced, and the methods used to produce it use significantly less energy and other resources; this is much better for our environment and what we pass on to the future generation.
- 3. Significant Time Commitment to Make Each Piece Timeless:** Each handmade jewellery piece requires significant time investment, however, the time invested produces jewellery that is considered by many to be timeless. It would last through all fashion cycles and is perfect to pass from generation to generation in your family.
- 4. High Quality Jewellery Materials:** Since these pieces are made by jewellery artisans a higher quality of jewellery materials are used in the finished product than with mass produced jewellery. It's often the case with mass produced jewellery that the potential for dirty metal blends are high, as a result designs are modified to conceal this.
- 5. Prompt Customer-Friendly Service:** Prompt customer-friendly service is a staple of handmade jewellery brands. At Chris Anderson Jewellery we provide the most exceptional customer service to our valued clients. We enjoy receiving testimonials from our customers about how fast their jewellery was shipped and how much they loved engaging with our professional representatives.

Types of Handmade jewellery: However modern we have grown with time, the craze for traditional Indian jewellery has remained the same with its demand increasing manifold in almost all the sections of the society.

Following is a list with a brief description of the most widely recognized and admired types of handmade jewellery adorned by women in India:

- **Antique Jewellery:** As the name itself suggests, this kind of jewellery is out of the mainstream production and has lost its popularity in the past decades which makes it called as antique pieces of jewellery. Its significance lies in keeping the old world charm alive as it has an ancient look.
- **Bead Jewellery:** Chiefly related to Indus valley civilization, bead jewellery is a five thousand year old art made popular by the Indus valley people. They created beautiful beads out of gold, copper, silver, clay, ivory and wood. Many excavations done at the site of Indus valley civilization has given its proof by revealing a wide variety of finished and unfinished beads from the place.
- **Custom Jewellery:** Custom jewellery as the name itself suggests is made according to one's personal requirements. It is basically sought by those whose needs are not fulfilled with the variety available in the market. In customized jewellery, customer gets complete freedom to choose metals, designs and other specifications according to his own taste and needs.
- **Filigree Jewellery:** Silver metal is used as a base for making filigree jewellery. This kind of jewellery requires a lot of patience and an eye for minute details as a lot of technicality and precision is involved in its creation.

Designs & styles of handmade jewellery: Necklaces, chokers, earrings, nose rings, finger rings, bracelets, anklets, earrings and ear cuffs are some styles that have a plethora of design options available in the market. Handmade jewellery designers used to create a basket of traditional as well as modish styles that women can choose.

- **Styling Tips:** Since handmade jewellery can be availed in a variety of types and styles, there are no limits on the type of garments they can be paired with. The look of a handmade cotton saree can be taken to a whole new level with the right kind of beaded handmade necklace and earrings. Since cotton is a formal fabric which is also lighter than silk, handmade jewellery can be used to add a little heaviness to the overall look. Handmade stone jewellery is also another viable option. This jewellery type, especially in gemstones, can be used to glam up an ethnic party wear ensemble such as an anarkali suit or a lehenga choli. While the garment remains the focus of the overall look, this type of jewellery can be used as complementary features that enhance the look as opposed to stealing the limelight. Handmade jewellery in copper, silver and plated gold is ideal for casual or semi-formal Indo-Western attires. A kurta or tunic and dhoti pants ensemble can be complemented by excellent metallic pieces, especially if they have statement elements such as a sizeable stone or pearls.

Jewellery Market Analysis: The handicraft jewelry market was valued at \$32.9 billion in 2019, and is estimated to reach \$ 59.7 billion by 2027, registering a CAGR of 7.80% from 2020 to 2027. In 2019, the female gender segment accounted for more than half of the share in the total handicraft jewelry market, and is expected to grow at a CAGR of 7.60% throughout the forecast period. Handicraft jewelry is fashion accessory used to compliment an outfit. Raw materials used to produce such type of jewelry is made of less precious materials as compared to precious materials such as gold, diamond, and gems. For instance, glass, plastic, semi-precious stones, beads, leather, aluminum, brass, and others are the raw materials used in the making of costume jewelry. Increase in consumer preference for fashionable and affordable jewelry is expected to foster the growth of the market.

Machines & equipments: Basic machines used are as follows:

1. Jewellery electric tube forming machine
2. Jewellery water Jet machine
3. Bangle ring turning machine
4. Pliers(such as round nose, flat nose)
5. Equipments such as cutters, ruler scissors.

Cost of Machines:

S No.	Machine	Unit	Price
1.	Jewellery electric tube forming machine	1	175000
2.	Jewellery water jet machine	1	58500
3.	Bangle ring turning machine	1	42500
4.	Pliers		62000
5.	Other equipments		42000

Raw material: Basic raw material requirements are:

1. Wood
2. Stone
3. Cloth piece
4. Thread
5. Joining hook
6. Paint—brush
7. Metal such as Brass, copper
8. Packing material

Note: Average raw material cost per set is approx. Rs. 70-75 and depends upon the quality.

Manufacturing Process: Handcrafting jewellery can be one of the most involved yet personal and versatile of the production methods.

Steps are as follows:

- ✓ Procurement of raw material and checking of all raw material that they meet out the quality parameters.
- ✓ Designing of the product in different sizes and shapes and also according to some customer's specific need.
- ✓ Colouring & shape of the product
- ✓ Thread joining.
- ✓ Assembling of all parts and final finishing to product.
- ✓ Separate bangles and neck-piece are packed in boxes or any other materials used for packaging and are then ready for sale.

Note: This process may vary according to the types of products manufactured and the designing & styling of a particular product.

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 500 to 800Sqft. Civil work will cost around 2 Lac (approx.)

Power Requirement –The power consumption required to run all the machinery could be approximated as 20 hp.

Manpower Requirement- There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 7 including 1 Plant operator, 1 unskilled worker, 1 Helper and 1 security Guard. 3 Skilled worker including Accountant, Manager and sales personal each.

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month

FINANCIALS

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	0.84	-			
Reserve & Surplus	1.17	2.38	3.78	4.92	6.31
Depriciation & Exp. W/off	0.92	0.80	0.70	0.61	0.53
Increase In Cash Credit	1.00				
Increase In Term Loan	6.57	-	-	-	-
Increase in Creditors	0.70	0.13	0.12	0.14	0.14
TOTAL :	11.20	3.32	4.59	5.66	6.98
APPLICATION OF FUND					
Increase in Fixed Assets	7.30	-	-	-	-
Increase in Stock	0.84	0.15	0.15	0.16	0.17
Increase in Debtors	1.13	0.22	0.21	0.22	0.24
Repayment of Term Loan	0.73	1.46	1.46	1.46	1.46
Taxation	-	-	-	-	0.95
Drawings	0.50	1.00	1.50	2.00	2.50
TOTAL :	10.50	2.83	3.32	3.85	5.32
Opening Cash & Bank Balance	-	0.70	1.19	2.46	4.28
Add : Surplus	0.70	0.49	1.27	1.82	1.67
Closing Cash & Bank Balance	0.70	1.19	2.46	4.28	5.94

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	1.51	2.90	5.18	8.10
Add: Additions	0.84	-	-	-	-
Add: Net Profit	1.17	2.38	3.78	4.92	5.37
Less: Drawings	0.50	1.00	1.50	2.00	2.50
Closing Balance	1.51	2.90	5.18	8.10	10.96
CC Limit	1.00	1.00	1.00	1.00	1.00
Term Loan	5.84	4.38	2.92	1.46	-
Sundry Creditors	0.70	0.83	0.95	1.09	1.23
TOTAL :	9.05	9.11	10.05	11.64	13.19
APPLICATION OF FUND					
Fixed Assets (Gross)	7.30	7.30	7.30	7.30	7.30
Gross Dep.	0.92	1.72	2.41	3.02	3.55
Net Fixed Assets	6.38	5.58	4.89	4.28	3.75
Current Assets					
Sundry Debtors	1.13	1.35	1.56	1.78	2.02
Stock in Hand	0.84	0.99	1.14	1.30	1.48
Cash and Bank	0.70	1.19	2.46	4.28	5.94
TOTAL :	9.05	9.11	10.05	11.64	13.19

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	33.93	40.43	46.80	53.54	60.67
Total (A)	33.93	40.43	46.80	53.54	60.67
B) COST OF SALES					
Raw Material Consumed	21.00	24.98	28.50	32.59	36.90
Electricity Expenses	1.29	1.45	1.61	1.77	1.93
Repair & Maintenance	0.68	0.81	0.94	1.07	1.21
Labour & Wages	4.03	4.44	4.92	5.51	6.18
Depreciation	0.92	0.80	0.70	0.61	0.53
Cost of Production	27.92	32.47	36.67	41.55	46.75
Add: Opening Stock /WIP	-	0.11	0.57	0.66	0.76
Less: Closing Stock /WIP	0.11	0.57	0.66	0.76	0.86
Cost of Sales (B)	27.81	32.01	36.58	41.45	46.65
C) GROSS PROFIT (A-B)					
	6.11	8.42	10.22	12.09	14.02
	18.02%	20.83%	21.84%	22.58%	23.10%
D) Bank Interest (Term Loan)	0.71	0.58	0.42	0.26	0.10
ii) Interest On Working Capital	0.11	0.11	0.11	0.11	0.11
E) Salary to Staff	3.78	4.54	5.44	6.26	6.89
F) Selling & Adm Expenses Exp.	0.34	0.81	0.47	0.54	0.61
TOTAL (D+E)	4.94	6.04	6.44	7.17	7.70
H) NET PROFIT					
	1.17	2.38	3.78	4.92	6.31
	3.5%	5.9%	8.1%	9.2%	10.4%
I) Taxation	-	-	-	-	0.95
J) PROFIT (After Tax)	1.17	2.38	3.78	4.92	5.37
Raw Material Consumed					
	Capacity		Amount (Rs.)		
	Utilisation				
I	40%		21.00		
II	45%		24.98		
III	50%		28.50		
IV	55%		32.59		
V	60%		36.90		

<u>COMPUTATION OF MAKING OF JEWELLEY</u>			
Item to be Manufactured Jewellery			
Manufacturing Capacity per day		250	set
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		75,000	set
Total Production per Annum		75,000	set
Year		Capacity Utilisation	HANDICRAFT JEWELLERY
I		40%	30,000.00
II		45%	33,750.00
III		50%	37,500.00
IV		55%	41,250.00
V		60%	45,000.00

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	500.00	562.50	625.00	687.50
Production	30,000.00	33,750.00	37,500.00	41,250.00	45,000.00
	30,000.00	34,250.00	38,062.50	41,875.00	45,687.50
Less : Closing Stock(5 Days)	500.00	562.50	625.00	687.50	750.00
Net Sale	29,500.00	33,687.50	37,437.50	41,187.50	44,937.50
Sale Price per set	115.00	120.00	125.00	130.00	135.00
Sale (in Lacs)	33.93	40.43	46.80	53.54	60.67

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(5 Days requirement)	0.49	0.57	0.66	0.76	0.86
Raw Material					
(5 Days requirement)	0.35	0.42	0.48	0.54	0.62
Closing Stock	0.84	0.99	1.14	1.30	1.48

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	0.84		
Less:			
Sundry Creditors	0.70		
Paid Stock	0.14	0.01	0.12
Sundry Debtors	1.13	0.11	1.02
Working Capital Requirement			1.14
Margin			0.13
MPBF			1.14
Working Capital Demand			1.00

BREAK UP OF LABOUR				
Particulars		Wages Per Month	No of Employees	Total Salary
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		8,000.00	1	8,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				32,000.00
Add: 5% Fringe Benefit				1,600.00
Total Labour Cost Per Month				33,600.00
Total Labour Cost for the year (In Rs. Lakhs)			4	4.03

BREAK UP OF SALARY				
Particulars		Salary Per Month	No of Employees	Total Salary
Manager		12,000.00	1	12,000.00
Accountant cum store keeper		10,000.00	1	10,000.00
Sales		8,000.00	1	8,000.00
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. Lakhs)			3	3.78

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	2.00	3.80	1.50	7.30
	-	2.00	3.80	1.50	7.30
		-	-	-	
TOTAL		2.00	3.80	1.50	7.30
Less : Depreciation	-	0.20	0.57	0.15	0.92
WDV at end of Ist year	-	1.80	3.23	1.35	6.38
Additions During The Year	-	-	-	-	-
	-	1.80	3.23	1.35	6.38
Less : Depreciation	-	0.18	0.48	0.14	0.80
WDV at end of IIInd Year	-	1.62	2.75	1.22	5.58
Additions During The Year	-	-	-	-	-
	-	1.62	2.75	1.22	5.58
Less : Depreciation	-	0.16	0.41	0.12	0.70
WDV at end of IIIrd year	-	1.46	2.33	1.09	4.89
Additions During The Year	-	-	-	-	-
	-	1.46	2.33	1.09	4.89
Less : Depreciation	-	0.15	0.35	0.11	0.61
WDV at end of IV year	-	1.31	1.98	0.98	4.28
Additions During The Year	-	-	-	-	-
	-	1.31	1.98	0.98	4.28
Less : Depreciation	-	0.13	0.30	0.10	0.53
WDV at end of Vth year	-	1.18	1.69	0.89	3.75

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	6.57	-	6.57	0.18	-	6.57
	IInd Quarter	6.57	-	6.57	0.18	-	6.57
	IIIrd Quarter	6.57	-	6.57	0.18	0.37	6.21
	Ivth Quarter	6.21	-	6.21	0.17	0.37	5.84
					0.71	0.73	
II	Opening Balance						
	Ist Quarter	5.84	-	5.84	0.16	0.37	5.48
	IInd Quarter	5.48	-	5.48	0.15	0.37	5.11
	IIIrd Quarter	5.11	-	5.11	0.14	0.37	4.75
	Ivth Quarter	4.75		4.75	0.13	0.37	4.38
					0.58	1.46	
III	Opening Balance						
	Ist Quarter	4.38	-	4.38	0.12	0.37	4.02
	IInd Quarter	4.02	-	4.02	0.11	0.37	3.65
	IIIrd Quarter	3.65	-	3.65	0.10	0.37	3.29
	Ivth Quarter	3.29		3.29	0.09	0.37	2.92
					0.42	1.46	
IV	Opening Balance						
	Ist Quarter	2.92	-	2.92	0.08	0.37	2.56
	IInd Quarter	2.56	-	2.56	0.07	0.37	2.19
	IIIrd Quarter	2.19	-	2.19	0.06	0.37	1.83
	Ivth Quarter	1.83		1.83	0.05	0.37	1.46
					0.26	1.46	
V	Opening Balance						
	Ist Quarter	1.46	-	1.46	0.04	0.37	1.10
	IInd Quarter	1.10	-	1.10	0.03	0.37	0.73
	IIIrd Quarter	0.73	-	0.73	0.02	0.37	0.36
	Ivth Quarter	0.36		0.36	0.01	0.37	-
					0.10	1.46	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	2.09	3.18	4.47	5.53	5.89
Interest on Term Loan	0.71	0.58	0.42	0.26	0.10
Total	2.81	3.76	4.90	5.79	5.99
<u>REPAYMENT</u>					
Repayment of Term Loan	0.73	1.46	1.46	1.46	1.46
Interest on Term Loan	0.71	0.58	0.42	0.26	0.10
Total	1.44	2.04	1.88	1.72	1.56
DEBT SERVICE COVERAGE RATIO	1.94	1.84	2.60	3.36	3.84
AVERAGE D.S.C.R.			2.69		

COMPUTATION OF ELECTRICITY			
(A) POWER CONNECTION			
Total Working Hour per day	Hours	8	
Electric Load Required	HP	20	
Load Factor		0.7460	
Electricity Charges	per unit	7.50	
Total Working Days		300	
Electricity Charges			2,68,560.00
Add : Minimim Charges (@ 10%)			
(B) DG set			
No. of Working Days		300	days
No of Working Hours		0.3	Hour per day
Total no of Hour		90	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		720	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		0.47	
Add : Lube Cost @15%		0.07	
Total		0.54	
Total cost of Power & Fuel at 100%			3.22
Year	Capacity		Amount
			(in Lacs)
I	40%		1.29
II	45%		1.45
III	50%		1.61
IV	55%		1.77
V	60%		1.93

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