PROJECT REPORT

Of

STONE HANDICRAFT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Stone Handicraft unit.

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 Entreprenuer		xxxxxxxxxx
2	Constitution (legal Status)		xxxxxxxxxx
3	Father / Spouse Name		xxxxxxxxxxxx
4	Unit Address		xxxxxxxxxxxxxxxxxxxxxxx
			District : xxxxxxx Pin: xxxxxxx State: xxxxxxxxxx Mobile xxxxxxx
5	Product and By Product	:	**PHOTO FRAMES & STONE SCULPTURES**
6	Name of the project / business activity proposed :		**STONE HANDICRAFT UNIT**
7	Cost of Project	:	Rs.16.05 Lakhs
8	Means of Finance Term Loan Own Capital Working Capital		 Rs.7.95 Lakhs Rs.1.61 Lakhs Rs.6.5 Lakhs
9	Debt Service Coverage Ratio	:	3.00
10	Pay Back Period	:	5 Years
11	Project Implementation Period	:	5-6 Months
12	Break Even Point	:	35%
13	Employment	:	12 Persons
14	Power Requirement	:	12.00 HP
15	Major Raw materials	:	Shazar Stone, Thin steel wire, Silicone Carbide Powder, Paints & primers
16	Estimated Annual Sales Turnover (Max Capacity)	:	155.97 Lakhs
17	Detailed Cost of Project & Means of Finance		

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land (1500 Sqft.)	Own/Rented
Plant & Machinery	7.93
Furniture & Fixtures	0.90
Working Capital	7.22
Total	**16.05**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.61
Working Capital(Finance)	6.50
Term Loan	7.95
Total	**16.05**

2. INTRODUCTION

Shazar is made uniquely at Banda in India. It is made in an old customary design with a wooden bow and a dainty steel wire called 'Kaman'. Stones are mounted over a wooden stand called 'khunta' and cut by this bow with the assistance of silicon carbide powder in 2 to 4mm thickness. These stones cuts are then planned, managed, formed and cleaned with most extreme consideration and accuracy as the testimonies are in micron thickness as it were.

The specialty of Shazar Stonework is being drilled in Banda area as it were. Banda is arranged close to the correct bank of the stream Ken in the Bundelkhand district of Uttar Pradesh. Stream Ken is a rich storage facility of the Shazar stones that required great many years to frame. The Shazar stones are Dendritic Agate.

The historical backdrop of life and craft of the Shazar stone is antiquated. Banda has been the middle for this stone work for the last 300-400 years. Legend has it that Shazar was found in Banda around 400 years back by a Middle Easterner. Captivated by the tree like examples, he named it Shazar which, in Arabic, implies: tree, plant or bush.

In neighborhood speech it is frequently called shajar, in Urdu, it is called Haqiq and in Hindi Sphatic. In English, Shazar is known as Dendrite Agate

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3. Market Potential:

The Shazar Art industry in Banda Bunch encourages the immediate and backhanded business chance to 150 families and around 1000 individuals. The 150 craftsman families in 60-70 units are occupied with shazar stone specialty at Kahipar, Khutla, Mardannaka territory in Banda. The craftsmans come from various foundations and social constructions like minority, in reverse, underneath neediness line and general local area. Agates are called as 'commemoration stones'. Rings made out of greenery agates are given as commemoration presents for the fourteenth commemoration. It involves pride that this work is just being done at Banda in India. There is extraordinary fare potential as well. In any case, critical to guarantee fitting compensation to the artworks people to help protect and proceed with this art in the solitary spot in India.

The specialty is currently being advanced by Legislatures of Uttar Pradesh just as India. Shazar Specialty business is exhibited all over India through fairs and exihibitions at Mumbai, Delhi ,Agra, Khujraho, Surajkund and others. The fairs orchestrated by the public authority are principle commercial center of the Shazar Stone Specialty. Numerous craftsmans have since been regarded at public and worldwide shows.

4. Product Description:

4.1. Product Uses- It is mostly used for ornamental purposes like pendants, ear rings, rings, curio item like paper weights. Pill boxes, sindoordani etc. This art is also used to produce several other items for decorative as well as general use purpose tools /items such as Frames(Photo Frames, Door and window Frames), Sculptures. In this project we have discussed Photo Frames and sculptures made of Shazar Stone.

4.2. Raw Material- Shazar stone, thin steel wire, Silicon Carbide Powder, Paints & Primers.

Average raw material cost per Photo Frame will be Rs. 240-300 (Approx.)

Average raw material cost per Stone Sculpture will be Rs. 200-260 (Approx.)

4.3. Manufacturing Process: Collecting the stone to forming the gem is a very labour intensive work.

- Sourcing: In earlier periods Karkanedaars or factory owners used to set out for days to camp on the river banks. There they would try to source stones that would yield sazar. The collection is often carried out after the rainy season to. When it rains heavily and river and stream of that area gets swept a couple times, the soil gets dissolved and flows over rocks or gets steeped onto the bank of the river. Shazar is hidden with many other stones.

- Chipping: The specialties individual needs to work with a mallet which is utilized to break the stone. The testimonies are found by breaking the strand of each conceivable stone. It is an extremely old and informal strategy. Further chipping may uncover dendrite spots. Just 5% of the stones uncover a decent quality sazar while practically 95% stone ends up being a waste. The great quality stone is then chosen for the following cycle.
- Sawing/ Slicing: In the wake of taking it back to the production line, it is firmly arranged and even couple of impressions are opened by scouring the stone. Cutting is done approach the impact on those stones which have Sazar in profound position. The stone is then cut. A spring steel wire of 23 measure is wrapped with a 5 feet in length wood bow hanging 500 grams weight of stone on one side and alumina or silicon carbide powder is blended in with water and applied on the stone and the stone is scoured. This is the cycle which assumes primary part in making the Sazar. The wire cutting the stone close to the Sazar separates the stone into two sections. This is the characteristic creation which is then molded to frame Sazar.
- Shaping/ Designing: Then carefully avoiding any fault lines, a design is drawn on the stone with a pencil so that the emerging dendrite is

showcased in the most effective manner. The designs could be round, oval, heart shaped, pentagon, octagon or square. In local language these are referred to as shaping/designing. In local language these are referred to as round (GOL), oval (BAIJA) heart (PAN), octagon (6MAS), square (CHAOCOR). The largest dendrite that has been found in Banda has been about eight inches in diameter.

- Chipping: Excess stone outside the penciled deign is carefully chipped away by cutting with a wire or breaking bit by bit with a wrench. The shape of the Shazar is classified in three ways. The best complete, best incomplete and spotty, accordingly their price is fixed- Precious, valuable and inexpensive respectively.
- It is also crafted in a very old traditional fashion with a wooden bow and a thin steel wire as string called "KAMAN". Stones are mounted over a wooden stand called "KHUNTA" and sliced by this bow with the help of silicon carbide powder in 2 to 4 mm thickness. These stone slices are then designed. Trimmed, shaped and polished with utmost care and precision as the depositions are in micron thickness only.
- Polishing: The lapped and sanded sazar is now ready for polishing. The stone is polished with Red oxide, Cerium Oxide, Tin Oxide and Chromium Oxide.

5. Project Components:

5.1. Land- The necessary land for stone managing and cleaning is assessed to be around 1500sqft.

5.2. Civil Work-

- **Workshop Area-** This zone incorporates the wheel set up and establishment space for all types of gear, work floor zone, and vital cutting and cleaning. Complete workshop territory is approx. 1000Sqft.
- **Inventory Area-** This area includes the storage space for all the raw materials, tooling and storage space and finished goods. Total inventory area is approx. 300Sqft.
- **Office Area –** This space includes staff working region.. Total workshop area is approx 200Sqft.

  Land and building requirement may vary depending on the size of project.

5.3. Machinery & Tools- Major machines and tools are mentioned below:

Stone Cutting machine	Machine for cutting up bars of material or for cutting out shapes in plates of raw material.	
Shaper	A shaper is a kind of machine instrument that utilizes straight relative movement between the work piece and a solitary guide cutting device toward machine a direct device way.	
Grinding	The shaped stone is now sent for grinding which is done using the machine. Grindstone can be either iron or silicon carbide grinder. The rough edges are smoothened. Finally the stone is beginning	

	to take shape.	
Stone Lapping Machine	The stone is then mounted on a small lapping machine. During Lapping the stone is ground or rubbed with an abrasive material. This process is repeated number times each time with a fine grade of abrasive.	

Note: Average Machinery and equipments cost will be Rs. 793000 (Approx.) exclusive of GST & installation cost.

5.4. Miscellaneous Assets-

- ✓ Water Supply Arrangements
- ✓ Furniture
- ✓ Stationary

5.5. Power Requirement- The power requirement is estimated to be around 12HP.

5.6. Man Power Requirement- Following manpower is required:

- Craftsmen-2
- Skilled/Unskilled Worker-3
- Helper-5
- 2 Skilled worker including a Manager and Accountant.

6.

FINANCIAL ASPECTS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	3.74	6.29	9.05	11.99
Add: Additions	1.61	-	-	-	-
Add: Net Profit	2.14	3.55	4.76	5.94	7.75
Less: Drawings	-	1.00	2.00	3.00	4.00
Closing Balance	3.74	6.29	9.05	11.99	15.73
CC Limit	6.50	6.50	6.50	6.50	6.50
Term Loan	7.06	5.30	3.53	1.77	-
Sundry Creditors	3.60	4.16	4.77	5.42	6.14
TOTAL :	**20.91**	**22.25**	**23.85**	**25.68**	**28.37**
APPLICATION OF FUND					
Fixed Assets (Gross)	8.83	8.83	8.83	8.83	8.83
Gross Dep.	1.28	2.37	3.30	4.10	4.78
Net Fixed Assets	7.55	6.46	5.53	4.73	4.05
Current Assets					
Sundry Debtors	4.37	5.28	6.06	6.89	7.80
Stock in Hand	7.00	8.08	9.27	10.54	11.92
Cash and Bank	1.99	2.42	3.00	3.52	4.61
TOTAL :	**20.91**	**22.25**	**23.85**	**25.68**	**28.37**
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale of Ghungroo	46.31	56.01	64.17	73.04	82.65
Gross Sale of Ghanti	41.04	49.67	57.00	64.80	73.32
Total (A)	**87.35**	**105.68**	**121.17**	**137.84**	**155.97**
B) COST OF SALES					
Raw Material Consumed	72.00	83.16	95.44	108.50	122.81
Elecricity Expenses	1.34	1.48	1.61	1.75	1.88
Repair & Maintenance	0.93	1.68	1.93	2.19	2.48
Labour & Wages	9.32	9.70	10.08	11.09	11.76
Depreciation	1.28	1.09	0.93	0.80	0.68
Cost of Production	84.87	97.11	109.99	124.32	139.61
Add: Opening Stock /WIP	-	4.60	5.31	6.08	6.92
Less: Closing Stock /WIP	4.60	5.31	6.08	6.92	7.83
Cost of Sales (B)	80.28	96.40	109.21	123.49	138.70
C) GROSS PROFIT (A-B)	7.08	9.28	11.96	14.35	17.28
	8.10%	**8.78%**	**9.87%**	**10.41%**	**11.08%**
D) i)Bank Interest (Term Loan)	0.86	0.70	0.51	0.32	0.12
ii) Interest On Working Capital	0.72	0.72	0.72	0.72	0.72
E) Salary to Staff	2.90	3.48	4.17	4.80	5.52
F) Selling & Adm Expenses Exp.	0.46	0.84	0.96	1.10	1.24
TOTAL (D+E)	**4.94**	**5.74**	**6.36**	**6.93**	**7.60**
H) NET PROFIT	2.14	3.55	5.60	7.42	9.68
	2.4%	**3.4%**	**4.6%**	**5.4%**	**6.2%**
I) Taxation	-	-	0.84	1.48	1.94
J) PROFIT (After Tax)	2.14	3.55	4.76	5.94	7.75

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	1.61	-			
Reserve & Surplus	2.14	3.55	5.60	7.42	9.68
Depriciation & Exp. W/off	1.28	1.09	0.93	0.80	0.68
Increase In Cash Credit	6.50				
Increase In Term Loan	7.95	-	-	-	-
Increase in Creditors	3.60	0.56	0.61	0.65	0.72
TOTAL :	**23.07**	**5.20**	**7.14**	**8.87**	**11.08**
APPLICATION OF FUND					
Increase in Fixed Assets	8.83	-	-	-	-
Increase in Stock	7.00	1.08	1.19	1.27	1.39
Increase in Debtors	4.37	0.92	0.77	0.83	0.91
Repayment of Term Loan	0.88	1.77	1.77	1.77	1.77
Taxation	-	-	0.84	1.48	1.94
Drawings	-	1.00	2.00	3.00	4.00
TOTAL :	**21.08**	**4.76**	**6.57**	**8.35**	**9.99**
Opening Cash & Bank Balance	-	1.99	2.42	3.00	3.52
Add : Surplus	1.99	0.43	0.58	0.52	1.08
Closing Cash & Bank Balance	**1.99**	**2.42**	**3.00**	**3.52**	**4.61**

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl Balance**
I	Opening Balance						
	Ist Quarter		7.95	7.95	0.22	-	7.95
	Iind Quarter	7.95	-	7.95	0.22	-	7.95
	IIIrd Quarter	7.95	-	7.95	0.22	0.44	7.51
	Ivth Quarter	7.51	-	7.51	0.21	0.44	7.06
					0.86	0.88	
II	Opening Balance						
	Ist Quarter	7.06	-	7.06	0.19	0.44	6.62
	Iind Quarter	6.62	-	6.62	0.18	0.44	6.18
	IIIrd Quarter	6.18	-	6.18	0.17	0.44	5.74
	Ivth Quarter	5.74		5.74	0.16	0.44	5.30
					0.70	1.77	
III	Opening Balance						
	Ist Quarter	5.30	-	5.30	0.15	0.44	4.86
	Iind Quarter	4.86	-	4.86	0.13	0.44	4.42
	IIIrd Quarter	4.42	-	4.42	0.12	0.44	3.97
	Ivth Quarter	3.97		3.97	0.11	0.44	3.53
					0.51	1.77	
IV	Opening Balance						
	Ist Quarter	3.53	-	3.53	0.10	0.44	3.09
	Iind Quarter	3.09	-	3.09	0.08	0.44	2.65
	IIIrd Quarter	2.65	-	2.65	0.07	0.44	2.21
	Ivth Quarter	2.21		2.21	0.06	0.44	1.77
					0.32	1.77	
V	Opening Balance						
	Ist Quarter	1.77	-	1.77	0.05	0.44	1.32
	Iind Quarter	1.32	-	1.32	0.04	0.44	0.88
	IIIrd Quarter	0.88	-	0.88	0.02	0.44	0.44
	Ivth Quarter	0.44		0.44	0.01	0.44	0.00
					0.12	1.77	

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

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	4.60	5.31	6.08	6.92	7.83
Raw Material					
(10 Days requirement)	2.40	2.77	3.18	3.62	4.09
Closing Stock	**7.00**	**8.08**	**9.27**	**10.54**	**11.92**

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	7.00		
Less:			
Sundry Creditors	3.60		
Paid Stock	**3.40**	**0.34**	**3.06**
Sundry Debtors	4.37	0.44	3.93
Working Capital Requirement			**6.99**
Margin			0.78
MPBF			**6.99**
Working Capital Demand			**6.50**

CALCULATION OF D.S.C.R					
PARTICULARS	**I**	**II**	**III**	**IV**	**V**
CASH ACCRUALS	3.42	4.64	5.69	6.74	8.43
Interest on Term Loan	0.86	0.70	0.51	0.32	0.12
Total	4.28	5.34	6.20	7.05	8.55
REPAYMENT					
Repayment of Term Loan	0.88	1.77	1.77	1.77	1.77
Interest on Term Loan	0.86	0.70	0.51	0.32	0.12
Total	1.75	2.47	2.28	2.08	1.89
DEBT SERVICE COVERAGE RATIO	**2.45**	**2.16**	**2.72**	**3.39**	**4.53**
AVERAGE D.S.C.R.			**3.00**		

Assumptions:

1. Production Capacity of a Stone Handicraft unit is taken at 100 Pcs per day. First year, Capacity has been taken @ 50%.

2. Working shift of 10 hours per day has been considered.

3. Raw Material stock and Finished goods closing stock has been taken for 10-15 days.

4. Credit period to Sundry Debtors has been given for 15 days.

5. Credit period by the Sundry Creditors has been provided for 15 days.

6. Depreciation and Income tax has been taken as per the Income tax Act,1961.

7. Interest on working Capital Loan and Term loan has been taken at 11%.

8. Salary and wages rates are taken as per the Current Market Scenario.

9. Power Consumption has been taken at 12 HP.

10. Selling Prices & Raw material costing has been increased by 3% & 3% respectively in the subsequent years.

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