

PROJECT REPORT

Of

WOOLEN DARI MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Woolen Dari Manufacturing 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 Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **WOOLEN DARI**
- 6 Name of the project / business activity proposed : **WOOLEN DARI UNIT**
- 7 Cost of Project : Rs.11.12 Lakhs
- 8 Means of Finance
- | | |
|-----------------|---------------|
| Term Loan | Rs.7.2 Lakhs |
| Own Capital | Rs.1.11 Lakhs |
| Working Capital | Rs.2.8 Lakhs |
- 9 Debt Service Coverage Ratio : 2.65
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 49%
- 13 Employment : 12 Persons
- 14 Power Requirement : 6.00 HP
- 15 Major Raw materials : Wool, Dyes and Chemicals
- 16 Estimated Annual Sales Turnover (Max Capacity) : 64.07 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Civil Work	6.00
Plant & Machinery	1.50
Furniture & Fixtures	0.50
Working Capital	3.12
Total	11.12

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.11
Working Capital(Finance)	2.80
Term Loan	7.20
Total	11.12

WOOLEN DARI MANUFACTURING UNIT

Introduction:

The local artists hand-tuft a variety of hand-knotted woolen carpets or durries. A carpet is a textile floor covering with a pile on top and a backing on the bottom. Tangled twigs make up the majority of the mound. The pile is usually made up of twisted tufts that have been heat-treated to keep their shape. The craftsmen's products are also exported to other parts of the country, resulting in job creation. Beautifying one's home has been an old convention since ages; the wealthy do it with costly materials while the lower pay families also beautify their homes in their own inventive manners. Carpet weaving continues to be a source of livelihood for many artisans in India. The creation of hand hitched carpets is an antiquated craftsmanship that merits a ton of profound respect! The size of the loom relies upon the size of the carpet and the weaving is done from the base to the top. The floor covering weaver embeds the "ties" into the establishment of the mat and they are tied by hand, this makes up the "heap" of the carpet. This is a dull and tedious activity. Hand Tufted mats can be similarly as delightful as hand hitched floor coverings, they normally are not of significant worth to a carpet authority or somebody who is hoping to purchase an Oriental mat as a speculation. Natural wool is utilised in braided wool rugs, which are handmade with hundreds of knots to produce beautiful patterns and motifs.



Uses & Market Potential:

A carpet is a textile floor covering ordinarily comprising of an upper layer of heap appended to a sponsorship. The term cover is frequently utilized in a comparable setting to the term mat, yet carpets are regularly viewed as more modest than a room and not appended to the floor. The floor covering weaving had been begun path long back in sixteenth century in Mughal time. In present scenario, India is the biggest maker and exporter of floor covering on the planet in term of both volume and worth. Approximately 80 percent of floor covering fabricated in India are sent out. India is well known in worldwide market for its great plan particularly Persian plan. India has spearheaded as biggest exporter of Handmade high-quality rugs. Known as the 'Carpet City', the Mirzapur-Bhadohi locale is the biggest carefully assembled cover weaving group, drawing in around 3.2 million individuals in the business. In 2010, the rugs of the UP locale got the Geographical Indication (GI) tag, which means floor coverings produced in nine areas of the district, Sitapur, Bhadohi, Mirzapur, Varanasi, Ghazipur, Sonbhadra, Kaushambi, Allahabad, Jaunpur and Chandauli would be tagged with 'handmade carpet of Bhadohi'. The production of the Bhadohi carpets is aimed at exporting to foreign countries. Well known carpet types from Bhadohi include cotton Dhurry/Dhurries, Chhapra Mir carpets, Loribaft, Indo Gabbeh but also Nepalese carpets and more recent shaggy type carpets. The domestic market size is about Rs 200 crores.

Product:

WOOLEN DARI

Raw Material:

1. Wool
2. Dyes
3. Chemicals

Manufacturing Process:

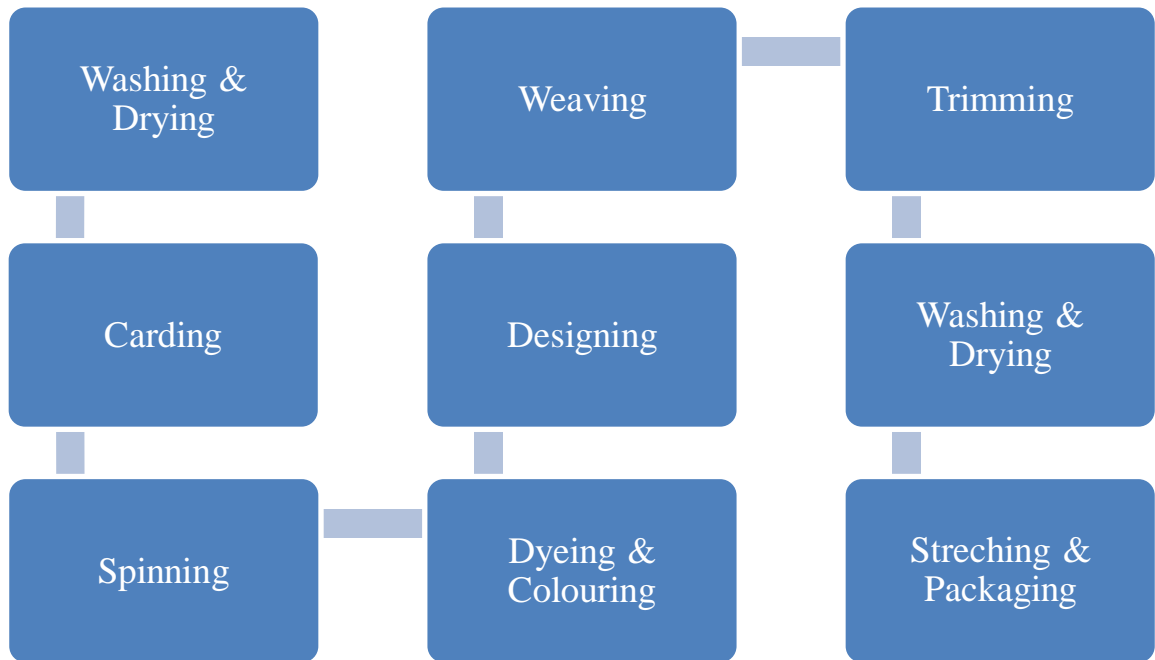


Fig. 1 – Process Flowchart

Area:

The required land for Woolen Dari Manufacturing is estimated to be around 1500sqft.

Cost of Tools & Equipment's:

S No.	Tools & Equipment's	Price (INR)
1.	Carpet Loom	1,38,500/-
2.	Carpet Scraping	1,500/-
3.	Takli (wool spindles)	8,000/-
4.	Hammer(mallet)	1,000/-
5.	Hand Tools	1,000/-
	Total	1,50,000/-

Power Requirement- The estimated Power requirement is taken at 6 HP.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-4
- Loom Operator - 2
- Helper - 4
- Sales Personal and Accountant- 2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.00	2.95	4.02	5.16
Add: Additions	1.11	-	-	-	-
Add: Net Profit	2.19	2.95	3.76	4.84	5.55
Less: Drawings	1.30	2.00	2.70	3.70	4.00
Closing Balance	2.00	2.95	4.02	5.16	6.71
CC Limit	2.80	2.80	2.80	2.80	2.80
Term Loan	6.40	4.80	3.20	1.60	-
Sundry Creditors	1.13	1.24	1.37	1.49	1.62
TOTAL :	12.33	11.80	11.39	11.06	11.13
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	8.00	8.00	8.00	8.00	8.00
Gross Dep.	0.88	1.65	2.34	2.95	3.50
Net Fixed Assets	7.13	6.35	5.66	5.05	4.50
Current Assets					
Sundry Debtors	2.07	2.38	2.64	2.92	3.20
Stock in Hand	2.18	2.42	2.68	2.94	3.22
Cash and Bank	0.97	0.65	0.40	0.15	0.21
TOTAL :	12.33	11.80	11.39	11.06	11.13
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	41.33	47.65	52.90	58.37	64.07
Total (A)	41.33	47.65	52.90	58.37	64.07
<u>B) COST OF SALES</u>					
Raw Material Consumed	22.50	24.86	27.30	29.81	32.40
Electricity Expenses	0.81	0.87	0.94	1.01	1.07
Repair & Maintenance	0.41	0.48	0.53	0.58	0.64
Labour & Wages	10.52	11.57	12.73	14.00	15.40
Depreciation	0.88	0.78	0.69	0.61	0.54
Cost of Production	35.11	38.56	42.19	46.02	50.06
Add: Opening Stock /WIP	-	1.43	1.59	1.77	1.95
Less: Closing Stock /WIP	1.43	1.59	1.77	1.95	2.14
Cost of Sales (B)	33.69	38.39	42.01	45.84	49.87
C) GROSS PROFIT (A-B)	7.64	9.26	10.89	12.53	14.19
	18.48%	19.43%	20.58%	21.47%	22.15%
D) Bank Interest i) (Term Loan)	0.78	0.64	0.46	0.29	0.11
ii) Interest On Working Capital	0.31	0.31	0.31	0.31	0.31
E) Salary to Staff	3.53	4.41	5.29	5.93	6.64
F) Selling & Adm Expenses Exp.	0.83	0.95	1.06	1.17	1.28
G) TOTAL (D+E+F)	5.44	6.31	7.12	7.69	8.34
H) NET PROFIT	2.19	2.95	3.76	4.84	5.86
	5.3%	6.2%	7.1%	8.3%	9.1%
I) Taxation	-	-	-	-	0.31
J) PROFIT (After Tax)	2.19	2.95	3.76	4.84	5.55

<u>PROJECTED CASH FLOW STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.11	-			
Reserve & Surplus	2.19	2.95	3.76	4.84	5.86
Depriciation & Exp. W/off	0.88	0.78	0.69	0.61	0.54
Increase In Cash Credit	2.80				
Increase In Term Loan	7.20	-	-	-	-
Increase in Creditors	1.13	0.12	0.12	0.13	0.13
TOTAL :	15.31	3.84	4.58	5.58	6.53
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.00	-	-	-	-
Increase in Stock	2.18	0.25	0.26	0.27	0.28
Increase in Debtors	2.07	0.32	0.26	0.27	0.28
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Taxation	-	-	-	-	0.31
Drawings	1.30	2.00	2.70	3.70	4.00
TOTAL :	14.34	4.16	4.82	5.84	6.47
Opening Cash & Bank Balance	-	0.97	0.65	0.40	0.15
Add : Surplus	0.97	- 0.32	- 0.24	- 0.26	0.06
Closing Cash & Bank Balance	0.97	0.65	0.40	0.15	0.21

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.43	1.59	1.77	1.95	2.14
<u>Raw Material</u>					
(10 Days requirement)	0.75	0.83	0.91	0.99	1.08
Closing Stock	2.18	2.42	2.68	2.94	3.22

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.18		
Less:			
Sundry Creditors	1.13		
Paid Stock	1.05	0.11	0.95
Sundry Debtors	2.07	0.21	1.86
Working Capital Requirement			2.80
Margin			0.31
MPBF			2.80
Working Capital Demand			2.80

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	7.20	7.20	0.20	-	7.20
	Iind Quarter	7.20	-	7.20	0.20	-	7.20
	IIIrd Quarter	7.20	-	7.20	0.20	0.40	6.80
	Ivth Quarter	6.80	-	6.80	0.19	0.40	6.40
					0.78	0.80	
II	Opening Balance						
	Ist Quarter	6.40	-	6.40	0.18	0.40	6.00
	Iind Quarter	6.00	-	6.00	0.17	0.40	5.60
	IIIrd Quarter	5.60	-	5.60	0.15	0.40	5.20
	Ivth Quarter	5.20		5.20	0.14	0.40	4.80
					0.64	1.60	
III	Opening Balance						
	Ist Quarter	4.80	-	4.80	0.13	0.40	4.40
	Iind Quarter	4.40	-	4.40	0.12	0.40	4.00
	IIIrd Quarter	4.00	-	4.00	0.11	0.40	3.60
	Ivth Quarter	3.60		3.60	0.10	0.40	3.20
					0.46	1.60	
IV	Opening Balance						
	Ist Quarter	3.20	-	3.20	0.09	0.40	2.80
	Iind Quarter	2.80	-	2.80	0.08	0.40	2.40
	IIIrd Quarter	2.40	-	2.40	0.07	0.40	2.00
	Ivth Quarter	2.00		2.00	0.06	0.40	1.60
					0.29	1.60	
V	Opening Balance						
	Ist Quarter	1.60	-	1.60	0.04	0.40	1.20
	Iind Quarter	1.20	-	1.20	0.03	0.40	0.80
	IIIrd Quarter	0.80	-	0.80	0.02	0.40	0.40
	Ivth Quarter	0.40		0.40	0.01	0.40	- 0.00
					0.11	1.60	

Door to Door Period 60 Months

Moratorium Period 6 Months

Repayment Period 54 Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	3.07	3.73	4.45	5.46	6.09
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	3.85	4.36	4.92	5.74	6.20
REPAYMENT					
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	1.58	2.24	2.06	1.89	1.71
DEBT SERVICE COVERAGE R	2.43	1.95	2.38	3.04	3.63
AVERAGE D.S.C.R.			2.65		

Assumptions:

1. Production Capacity of Woolen Dari is 250 sqft. per day. First year, Capacity has been taken @ 60%.
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 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 6 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years

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