

PROJECT REPORT

Of

ZARI SILK EMBROIDERY UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Zari Silk Embroidery 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 : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **ZARI SILK FABRIC EMBROIDERY**
- 6 Name of the project / business activity proposed : **ZARI SILK EMBROIDERY UNIT :**
- 7 Cost of Project Rs.10.85 Lakhs
- 8 Means of Finance
- Term Loan Rs.5.85 Lakhs
- Own Capital Rs.1.09 Lakhs
- Working Capital Rs.3.92 Lakhs
- 9 Debt Service Coverage Ratio : 2.98
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 49%
- 13 Employment : 14 Persons
- 14 Power Requirement : 8.00 KW
- 15 Major Raw materials : Silk threads, Silk Fabric,Sequence,Glass beads, Wooden beads, Ghungroo, Dabaka, Kasab, Kora, Cotton thread
- 16 Estimated Annual Sales Turnover (Max Capacity) : 95.53 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Civil Work	5.00
Furniture & Fixtures	1.50
Working Capital	4.35
Total	10.85

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.09
Working Capital(Finance)	3.92
Term Loan	5.85
Total	10.85

ZARI SILK EMBROIDERY UNIT

Introduction:

Zari is an even thread traditionally made of fine gold or silver used mostly in traditional garments, especially as brocade in saris etc. It is believed this tradition started during the Mughal era. Today, in most fabrics, Zari has cotton or polyester yarn at its core, wrapped by golden/silver metallic yarn. These elegant Sarees are known all over the world for their transparency, exquisite designs and engraved buti work. These are supplied to be sold in all major cities of the country.



Uses & Market Potential:

The zari saree tracks or is encouraged by the Mughal designs. The Banarasi sarees came into existence in the course of the Mughal times when Muslim artisans and craftsmen chose Banaras as the dwelling that unified well with their culture and started weaving silk Banarasi sarees. Textile is the fastest-growing application of silk. Silk is an important contributor to the textile industry which is continuously growing and evolving in terms of demand and supply. Silk is used in textiles for its lustrous appearance, luxurious feel, lightweight, resilient, and strength. It is used in many types of apparel such as wedding dresses, gowns, blouses, scarves, neckties as well as in many household products such as pillows, wall hangings, draperies, upholstery. Further, Silk's absorbency makes it quite comfortable to wear, especially, in warm weather. Its low conductivity keeps warm air

close to the skin during cold weather. This increases the uses of silk for clothing such as shirts, ties, formal dresses, high fashion clothes, lingerie, pajamas, robes, dress suits, sun dresses, and kimonos. In India, silk is also used for making sarees, which is traditional outfit in the country.

Product:

ZARI SILK FABRIC EMBROIDERY

Raw Material:

1. Silk Thread of Different colors
2. Silk Fabric
3. Sequence (Salma, Sitara, Cutdana, Moti)
4. Glass beads, Wooden beads, Ghungroo
5. Dabaka, Kasab, Kora
6. Mustard Oil
7. Cotton thread for Tari & woolen, cotton, shenil chindi for bana (weaving)

Manufacturing Process:

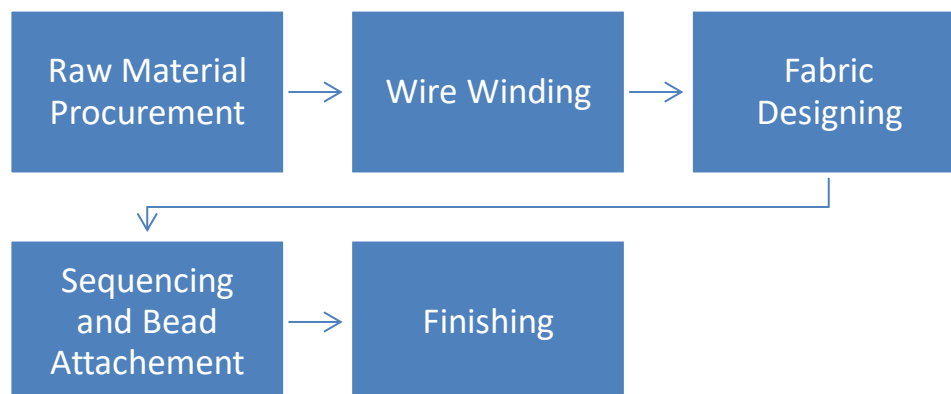


Fig. 1 – Process Flowchart

Area:

The industrial setup requires space for karkhana. 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 small scale factory setup is 1500-2000Sq. ft. approximately.

Cost of Tools & Equipments:

S No.	Tools & Equipments	Price (INR)
1.	Wooden Frame	40,000/-
2.	Needle	10,000/-
	Total	50,000/-

Power Requirement- - The estimated Power requirement is taken at 8 KWH

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-8
- 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	-	2.05	2.80	4.11	5.55
Add: Additions	1.09	-	-	-	-
Add: Net Profit	1.97	2.60	3.51	4.84	5.54
Less: Drawings	1.00	1.85	2.20	3.40	3.90
Closing Balance	2.05	2.80	4.11	5.55	7.20
CC Limit	3.92	3.92	3.92	3.92	3.92
Term Loan	5.20	3.90	2.60	1.30	-
Sundry Creditors	0.69	0.71	0.79	0.87	0.95
TOTAL :	11.86	11.33	11.41	11.64	12.07
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	6.50	6.50	6.50	6.50	6.50
Gross Dep.	0.65	1.24	1.76	2.24	2.66
Net Fixed Assets	5.85	5.27	4.74	4.26	3.84
Current Assets					
Sundry Debtors	1.99	2.17	2.48	2.82	3.18
Stock in Hand	3.05	3.18	3.61	4.06	4.55
Cash and Bank	0.97	0.72	0.60	0.50	0.49
TOTAL :	11.86	11.33	11.41	11.64	12.07
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	59.81	64.99	74.26	84.49	95.53
Total (A)	59.81	64.99	74.26	84.49	95.53
<u>B) COST OF SALES</u>					
Raw Material Consumed	29.70	30.29	33.70	37.21	40.89
Electricity Expenses	0.98	0.98	1.07	1.16	1.25
Tools & Consumables	0.50	0.58	0.66	0.76	0.87
Labour & Wages	19.40	20.96	24.94	29.18	33.55
Depreciation	0.65	0.59	0.53	0.47	0.43
Cost of Production	51.24	53.40	60.90	68.78	77.00
Add: Opening Stock /WIP	-	2.06	2.17	2.48	2.82
Less: Closing Stock /WIP	2.06	2.17	2.48	2.82	3.19
Cost of Sales (B)	49.18	53.29	60.58	68.44	76.63
C) GROSS PROFIT (A-B)	10.64	11.70	13.68	16.05	18.91
	17.78%	18.01%	18.42%	19.00%	19.79%
D) Bank Interest i) (Term Loan)	0.63	0.52	0.38	0.23	0.09
ii) Interest On Working Capital	0.43	0.43	0.43	0.43	0.43
E) Salary to Staff	4.91	5.36	6.32	7.08	8.14
F) Selling & Adm Expenses Exp.	2.69	2.79	3.04	3.46	4.39
TOTAL (D+E+F)	8.67	9.10	10.17	11.21	13.06
H) NET PROFIT	1.97	2.60	3.51	4.84	5.85
	3.3%	4.0%	4.7%	5.7%	6.1%
I) Taxation	-	-	-	-	0.31
J) PROFIT (After Tax)	1.97	2.60	3.51	4.84	5.54

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.09	-			
Reserve & Surplus	1.97	2.60	3.51	4.84	5.85
Depreciation & Exp. W/off	0.65	0.59	0.53	0.47	0.43
Increase In Cash Credit	3.92				
Increase In Term Loan	5.85	-	-	-	-
Increase in Creditors	0.69	0.01	0.08	0.08	0.09
TOTAL :	14.16	3.20	4.11	5.40	6.36
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	6.50	-	-	-	-
Increase in Stock	3.05	0.12	0.43	0.46	0.49
Increase in Debtors	1.99	0.17	0.31	0.34	0.37
Repayment of Term Loan	0.65	1.30	1.30	1.30	1.30
Taxation	-	-	-	-	0.31
Drawings	1.00	1.85	2.20	3.40	3.90
TOTAL :	13.20	3.45	4.24	5.50	6.37
Opening Cash & Bank Balance	-	0.97	0.72	0.60	0.50
Add : Surplus	0.97	- 0.25	- 0.12	- 0.10	- 0.00
Closing Cash & Bank Balance	0.97	0.72	0.60	0.50	0.49

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	2.06	2.17	2.48	2.82	3.19
<u>Raw Material</u>					
(10 Days requirement)	0.99	1.01	1.12	1.24	1.36
Closing Stock	3.05	3.18	3.61	4.06	4.55

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.05		
Less:			
Sundry Creditors	0.69		
Paid Stock	2.36	0.24	2.12
Sundry Debtors	1.99	0.20	1.79
Working Capital Requirement			3.92
Margin			0.44
MPBF			3.92
Working Capital Demand			3.92

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	5.85	5.85	0.16	-	5.85
	Iind Quarter	5.85	-	5.85	0.16	-	5.85
	IIIrd Quarter	5.85	-	5.85	0.16	0.33	5.53
	Ivth Quarter	5.53	-	5.53	0.15	0.33	5.20
					0.63	0.65	
II	Opening Balance						
	Ist Quarter	5.20	-	5.20	0.14	0.33	4.88
	Iind Quarter	4.88	-	4.88	0.13	0.33	4.55
	IIIrd Quarter	4.55	-	4.55	0.13	0.33	4.23
	Ivth Quarter	4.23		4.23	0.12	0.33	3.90
					0.52	1.30	
III	Opening Balance						
	Ist Quarter	3.90	-	3.90	0.11	0.33	3.58
	Iind Quarter	3.58	-	3.58	0.10	0.33	3.25
	IIIrd Quarter	3.25	-	3.25	0.09	0.33	2.93
	Ivth Quarter	2.93		2.93	0.08	0.33	2.60
					0.38	1.30	
IV	Opening Balance						
	Ist Quarter	2.60	-	2.60	0.07	0.33	2.28
	Iind Quarter	2.28	-	2.28	0.06	0.33	1.95
	IIIrd Quarter	1.95	-	1.95	0.05	0.33	1.63
	Ivth Quarter	1.63		1.63	0.04	0.33	1.30
					0.23	1.30	
V	Opening Balance						
	Ist Quarter	1.30	-	1.30	0.04	0.33	0.97
	Iind Quarter	0.97	-	0.97	0.03	0.33	0.65
	IIIrd Quarter	0.65	-	0.65	0.02	0.33	0.32
	Ivth Quarter	0.32		0.32	0.01	0.33	- 0.00
					0.09	1.30	

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	2.62	3.19	4.03	5.32	5.97
Interest on Term Loan	0.63	0.52	0.38	0.23	0.09
Total	3.25	3.71	4.41	5.55	6.06
REPAYMENT					
Repayment of Term Loan	0.65	1.30	1.30	1.30	1.30
Interest on Term Loan	0.63	0.52	0.38	0.23	0.09
Total	1.28	1.82	1.68	1.53	1.39
DEBT SERVICE COVERAGE R.	2.53	2.04	2.63	3.62	4.36
AVERAGE D.S.C.R.			2.98		

Assumptions:

1. Production Capacity of Zari Silk Embroidery is 30 Pieces per day. First year, Capacity has been taken @ 55%.
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 10 days.
5. Credit period by the Sundry Creditors has been provided for 7 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 8 KW.
10. Selling Prices & Raw material costing has been increased by 5% & 2% respectively in the subsequent years.

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