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## PROJECT REPORT

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**PROJECT: JUTE WALL HANGING**

# **PROJECT REPORT**

## **Of**

# **JUTE WALL HANGING**

### **PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Jute Wall Hanging 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.]

**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: xxxxx  
Mobile xxxxxxxx
- 5 Product and By Product : **JUTE WALL HANGING**
- 6 Name of the project / business activity proposed : **JUTE WALL HANGING MANUFACTURING UNIT**
- 7 Cost of Project : Rs.10.77 Lakhs
- 8 Means of Finance  
Term Loan Rs.6.3 Lakhs  
Own Capital Rs.1.08 Lakhs  
Working Capital Rs.3.4 Lakhs
- 9 Debt Service Coverage Ratio : 3.64
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 45%
- 13 Employment : 9 Persons
- 14 Power Requirement : 15.00 HP
- 15 Major Raw materials : Raw-Jute, Silk Kela Yarn, Velvet Paper, Beads
- 16 Estimated Annual Sales Turnover (Max Capacity) : 67.47 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	6.30
Furniture & Fixtures	0.70
Working Capital	3.77
<b>Total</b>	<b>10.77</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.08
Working Capital(Finance)	3.40
Term Loan	6.30
<b>Total</b>	<b>10.77</b>

# JUTE WALL HANGING MANUFACTURING

**Introduction:** Among the subtropical regions of Asia, specially India, Bangladesh and China are most popular for Jute. Jute craft is most popular in this region and is derived from the fibre of a reed like plant. West Bengal's humid climate with plenty of rainfall is best suited for this plant. The plant grows to a height of 3-4 meters and takes up to six months to mature. Jute is the second most popular natural plant fibre and is available in abundance. Once the plant is ready for harvesting, it is cut very close to the ground and left in the ground for a day or two when the leaves fall off. The cut plant is then absorbed and dipped in water to separate the fibre from the plant. This process is known as retting. The separated Jute is dried and given various forms. The fiber is knit into threads. Sometimes the threads are weaved to make rags and cloths. The cleaned fibre, the threads and the rags all are used to make beautiful craft products like the bags, rags, carpets, hangings, footwear, coasters, jewelry, show pieces, etc. Some very fine quality jute is also used to make furnishing material and dresses. The Wall Hanging holds a prominent position in the decentralized handicraft cluster. It provides direct and indirect employment to approx. 5000 artisans. Today wall decoration is well known all through India and other far off nations for their impeccable plan, assortment and craftsmanship. The significant strength of this district in wall decoration are remarkable in there weaving and accessibility of modest work which makes the result of this locale increasingly more cost serious. Our methodology is to make mindfulness in homegrown and fare markets for the results of these skilled workers, maintaining a strategic distance from go-betweens and their abuses, encouraging them to fabricate and showcase this serious item for new age, by embracing modem procedures. The example utilized for theme is customary and present day the two themes of blossom, plants, nature, god and goddess and so on are weaved by hand. The modem pattern like moving young lady, states of mind and so forth are likewise normally utilized.



### **Uses & Market Potential:**

Jute items are eco-friendly items and craftsmen are utilizing common Jutes, Dying in conventional way and not utilizing any type of power in the item making measure. 100% high quality item with the normal fiber. The Brassware business is primarily amassed in the North-Eastern piece of Uttar Pradesh and generally in Moradabad area and Etah which represents 80% creation and 75 percent export of the country.

This significant item is being produced in District Ghazipur, Uttar Pradesh since most recent 50 years. In around 60 towns, giving bread and margarine to approx. 4000 poor skilled workers. consistent endeavors are being made by District Rural Development Agency, Ghazipur, U.P with the assistance of self-improvement gatherings of Sawaran Jayanti Gram Sawa Rojgar yojna and NGOs to make something new an ideal opportunity to satisfy the need of truly changing homegrown and fare market. This jute item isn't just acceptable yet is utilitarian= and moderate to everyday person with items in value scope of Rs.250.00 Rs. 1000.00. Experts occupied with this work are being prepared for expertise updegree by getting sorted out plan and innovation improvement workshops. It is likewise at approx 40 km from Varanasi track settle and 600 groups of these towns having approx 2500 to 3000 family's member and artisans engages in this cluster of Jute Wall Hanging. At present they are producing wall hanging of approx Rs. 150 lacs per annum and approx export of the product is around Rs. 50 lacs per annum. World is changing but design and weaving pattern available with artisans are old, there is no mechanism ensuring updating of internal trends, color combination, dyes used and designs patterns. Artisans adopt old dying technology, processing and finishing is also not modernized. The main raw material is Jute yarn. The weavers are depended for availability of Jute yarn from local market or from Varanasi. The major production area is Devkali block and Saidpur of Ghazipur district nearly 5000 artisans are working in this craft in the 5 districts. The important thing is noted here that nearly 30% women are also involved in this craft as their family entrepreneurship. World is changing but design and weaving pattern available with artisans are old, there is no mechanism ensuring updating of internal trends color combination, dyes used and designs patterns. Artisans adopt old dying technology, processing and finishing is also not modernized. The

main raw material is Jute Yam. The weavers are depended for availability of Jute Yam from local market or from Varanasi.

### **Product:**

JUTE WALL HANGING

### **Raw Material:**

1. Raw jute
2. Skill-kela yarn
3. Velvet paper
4. Beads

### **Manufacturing Process:**

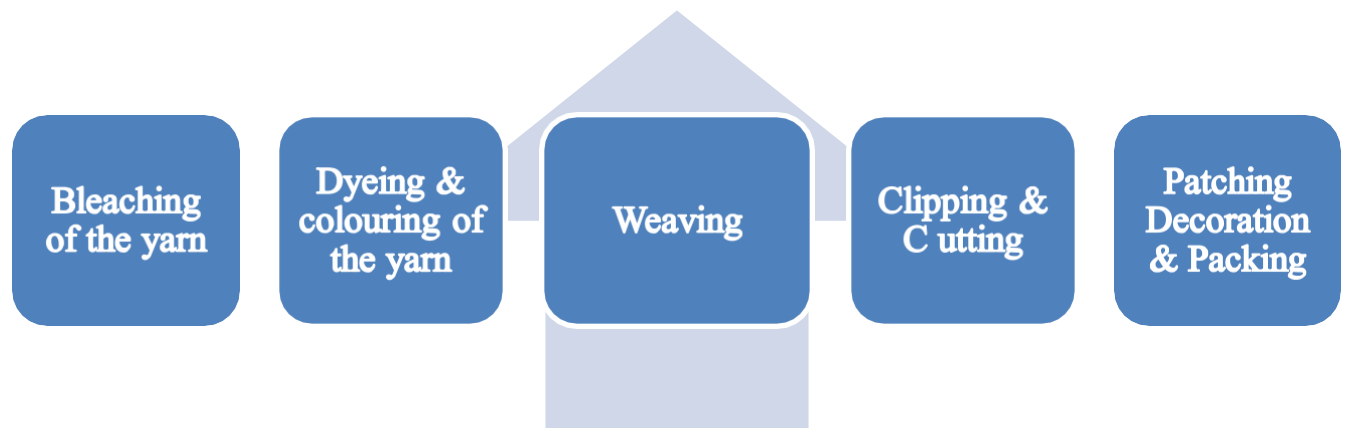


Fig. 1 – Process Flowchart

### **Area:**

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. thus, the approximate total area required for complete industrial setup is 1000-1200Sqft

**Cost of Machines:**

S No.	Machine	Unit	Price
1.	Jute Weaving Loom	1	6,00,000/-
2.	Other machines & equipments		30,000/-
	<b>Total</b>		<b>6,30,000/-</b>

**Power Requirement-** - The estimated Power requirement is taken at 15 HP

**Manpower Requirement-** Following manpower is required:

- Machine operator-1
- Skilled/unskilled worker-2
- Artisans-3
- Accountant-1
- Sales Personnel-2

# FINANCIALS

**PROJECTED BALANCE SHEET**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
<b><u>Capital Account</u></b>					
Opening Balance	-	0.89	1.99	3.13	4.45
Add: Additions	1.08	-	-	-	-
Add: Net Profit	3.22	4.29	4.94	5.62	6.33
Less: Drawings	3.40	3.20	3.80	4.30	4.90
<b>Closing Balance</b>	<b>0.89</b>	<b>1.99</b>	<b>3.13</b>	<b>4.45</b>	<b>5.88</b>
CC Limit	3.40	3.40	3.40	3.40	3.40
Term Loan	5.60	4.20	2.80	1.40	-
Sundry Creditors	1.08	1.19	1.30	1.42	1.54
<b>TOTAL :</b>	<b>10.97</b>	<b>10.77</b>	<b>10.63</b>	<b>10.66</b>	<b>10.81</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>
Gross Dep.	1.02	1.88	2.62	3.25	3.79
Net Fixed Assets	5.99	5.12	4.38	3.75	3.21
<b>Current Assets</b>					
Sundry Debtors	2.14	2.51	2.78	3.07	3.37
Stock in Hand	2.72	2.99	3.29	3.58	3.88
Cash and Bank	0.13	0.16	0.17	0.26	0.35
<b>TOTAL :</b>	<b>10.97</b>	<b>10.77</b>	<b>10.63</b>	<b>10.66</b>	<b>10.81</b>
	-	-	-	-	-



### **PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	42.75	50.12	55.66	61.44	67.47
<b>Total (A)</b>	<b>42.75</b>	<b>50.12</b>	<b>55.66</b>	<b>61.44</b>	<b>67.47</b>
<b>B) COST OF SALES</b>					
Raw Material Consumed	21.60	23.79	26.04	28.35	30.72
Electricity Expenses	2.01	2.18	2.35	2.52	2.69
Repair & Maintenance	0.64	1.00	1.67	1.84	2.02
Labour & Wages	7.43	8.18	9.00	9.89	10.88
Depreciation	1.02	0.87	0.74	0.63	0.54
<b>Cost of Production</b>	<b>32.70</b>	<b>36.02</b>	<b>39.79</b>	<b>43.24</b>	<b>46.85</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.64</b>	<b>1.80</b>	<b>1.99</b>	<b>2.16</b>
<b>Less: Closing Stock /WIP</b>	<b>1.64</b>	<b>1.80</b>	<b>1.99</b>	<b>2.16</b>	<b>2.34</b>
Cost of Sales (B)	31.07	35.85	39.61	43.06	46.67
<b>C) GROSS PROFIT (A-B)</b>	<b>11.68</b>	<b>14.26</b>	<b>16.05</b>	<b>18.38</b>	<b>20.80</b>
	<b>27.32%</b>	<b>28.46%</b>	<b>28.84%</b>	<b>29.91%</b>	<b>30.82%</b>
D) Bank Interest i) (Term Loan )	0.68	0.56	0.40	0.25	0.10
ii) Interest On Working Capital	0.37	0.37	0.37	0.37	0.37
E) Salary to Staff	6.55	7.53	8.67	9.96	11.46
F) Selling & Adm Expenses Exp.	0.86	1.50	1.67	1.84	2.02
<b>G) TOTAL (D+E+F)</b>	<b>8.46</b>	<b>9.97</b>	<b>11.11</b>	<b>12.43</b>	<b>13.95</b>
<b>H) NET PROFIT</b>	<b>3.22</b>	<b>4.29</b>	<b>4.94</b>	<b>5.95</b>	<b>6.84</b>
	<b>7.5%</b>	<b>8.6%</b>	<b>8.9%</b>	<b>9.7%</b>	<b>10.1%</b>
I) Taxation	-	-	-	0.33	0.51
<b>J) PROFIT (After Tax)</b>	<b>3.22</b>	<b>4.29</b>	<b>4.94</b>	<b>5.62</b>	<b>6.33</b>

**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	1.08	-			
Reserve & Surplus	3.22	4.29	4.94	5.95	6.84
Depreciation & Exp. W/off	1.02	0.87	0.74	0.63	0.54
Increase In Cash Credit	3.40				
Increase In Term Loan	6.30	-	-	-	-
Increase in Creditors	1.08	0.11	0.11	0.12	0.12
<b>TOTAL :</b>	<b>16.08</b>	<b>5.27</b>	<b>5.79</b>	<b>6.69</b>	<b>7.50</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	7.00	-	-	-	-
Increase in Stock	2.72	0.28	0.30	0.29	0.30
Increase in Debtors	2.14	0.37	0.28	0.29	0.30
Repayment of Term Loan	0.70	1.40	1.40	1.40	1.40
Taxation	-	-	-	0.33	0.51
Drawings	3.40	3.20	3.80	4.30	4.90
<b>TOTAL :</b>	<b>15.95</b>	<b>5.24</b>	<b>5.78</b>	<b>6.60</b>	<b>7.41</b>
Opening Cash & Bank Balance	-	0.13	0.16	0.17	0.26
Add : Surplus	0.13	0.03	0.02	0.09	0.09
Closing Cash & Bank Balance	<b>0.13</b>	<b>0.16</b>	<b>0.17</b>	<b>0.26</b>	<b>0.35</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(15 Days requirement)	1.64	1.80	1.99	2.16	2.34
<b><u>Raw Material</u></b>					
(15 Days requirement)	1.08	1.19	1.30	1.42	1.54
<b>Closing Stock</b>	<b>2.72</b>	<b>2.99</b>	<b>3.29</b>	<b>3.58</b>	<b>3.88</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	2.72		
Less:			
Sundry Creditors	1.08		
<b>Paid Stock</b>	<b>1.64</b>	<b>0.16</b>	<b>1.47</b>
Sundry Debtors	2.14	0.21	1.92
<b>Working Capital Requirement</b>			<b>3.40</b>
<b>Margin</b>			0.38
<b>MPBF</b>			<b>3.40</b>
<b>Working Capital Demand</b>			<b>3.40</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	6.30	6.30	0.17	-	6.30
	Iind Quarter	6.30	-	6.30	0.17	-	6.30
	IIIrd Quarter	6.30	-	6.30	0.17	0.35	5.95
	Ivth Quarter	5.95	-	5.95	0.16	0.35	5.60
					0.68	0.70	
<b>II</b>	Opening Balance						
	Ist Quarter	5.60	-	5.60	0.15	0.35	5.25
	Iind Quarter	5.25	-	5.25	0.14	0.35	4.90
	IIIrd Quarter	4.90	-	4.90	0.13	0.35	4.55
	Ivth Quarter	4.55		4.55	0.13	0.35	4.20
					0.56	1.40	
<b>III</b>	Opening Balance						
	Ist Quarter	4.20	-	4.20	0.12	0.35	3.85
	Iind Quarter	3.85	-	3.85	0.11	0.35	3.50
	IIIrd Quarter	3.50	-	3.50	0.10	0.35	3.15
	Ivth Quarter	3.15		3.15	0.09	0.35	2.80
					0.40	1.40	
<b>IV</b>	Opening Balance						
	Ist Quarter	2.80	-	2.80	0.08	0.35	2.45
	Iind Quarter	2.45	-	2.45	0.07	0.35	2.10
	IIIrd Quarter	2.10	-	2.10	0.06	0.35	1.75
	Ivth Quarter	1.75		1.75	0.05	0.35	1.40
					0.25	1.40	
<b>V</b>	Opening Balance						
	Ist Quarter	1.40	-	1.40	0.04	0.35	1.05
	Iind Quarter	1.05	-	1.05	0.03	0.35	0.70
	IIIrd Quarter	0.70	-	0.70	0.02	0.35	0.35
	Ivth Quarter	0.35		0.35	0.01	0.35	0.00
					0.10	1.40	

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

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	4.23	5.16	5.68	6.25	6.87
Interest on Term Loan	0.68	0.56	0.40	0.25	0.10
Total	4.92	5.72	6.09	6.50	6.97
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	0.70	1.40	1.40	1.40	1.40
Interest on Term Loan	0.68	0.56	0.40	0.25	0.10
Total	1.38	1.96	1.80	1.65	1.50
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.55</b>	<b>2.92</b>	<b>3.37</b>	<b>3.94</b>	<b>4.66</b>
<b>AVERAGE D.S.C.R.</b>			<b>3.64</b>		

**Assumptions:**

1. Production Capacity of Jute Wall Hangings unit is taken at 200 Pcs 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 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 15 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

### **DISCLAIMER**

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