



MODEL PROJECT REPORT



PROJECT REPORT ON CHIKAN KARI WORK

SWAVALAMBI BHARAT ABHIYAN

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **CHIKANKARI FABRIC**
- 6 Name of the project / business activity proposed : **CHIKANKARI WORK UNIT**
- 7 Cost of Project : Rs.8.42 Lakhs
- 8 Means of Finance
- Term Loan Rs.4.95 Lakhs
- Own Capital Rs.0.84 Lakhs
- Working Capital Rs.2.63 Lakhs
- 9 Debt Service Coverage Ratio : 3.16
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 44%
- 13 Employment : 9 Persons
- 14 Power Requirement : 4.00 HP
- 15 Major Raw materials : Raw Banana, Cooking oil, Salt, spices and packing material etc.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 54.41 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Civil Work	5.00
Furniture & Fixtures	0.50
Working Capital	2.92
Total	8.42

MEANS OF FINANCE

Particulars	Amount
Own Contribution	0.84
Working Capital(Finance)	2.63
Term Loan	4.95
Total	8.42

CHIKANKARI WORK UNIT

Introduction:

Indian chikan work goes as far back as the mid third century BC, with one story referencing the tale of a voyager who instructed chikan to a laborer as a tradeoff for drinking water. In any case, the most famous and verifiably checkable story is that Noor Jahan, the spouse of Mughal sovereign Jehangir, presented the Persian craftsmanship in India in the seventeenth century. She, when all is said and done, was a capable embroideress, and had a specific affection for this craftsmanship. Her better half is said to have adored chikan work as well and has set up a few workshops to consummate this fine art in India. Chikankari is a customary weaving style from Lucknow, Uttar Pradesh. Chikankari is conventional weaving done utilizing a needle and a few sorts of strings. Both Chikankari and Zari-Zardozi work are enlisted in the G.I. Lucknowi weaving is famous everywhere on the world. The art gives work to various craftsmen. Lucknow-the state capital of Uttar Pradesh is widely acclaimed for its customary Chikankari Embroidery. Chikankari is the weaving work finished with the white cotton string on fine white cotton material. Chikankari is likewise called as shadow work. The word 'Chikan' is fundamentally gotten from Persian word 'Chikeen'. In prior days, the Chikankari weaving is generally done on mulmul-fine muslin cotton. Because of non-accessibility of mulmul, presently a-days this work is done on cotton, fleece, chiffon, crepe, organdy chiffon and silk garments utilizing contrast shading strings. The starting point of Chikankari is started by the impact of multifaceted cutting examples of Mughal design during their period. The Chikan work in Lucknow is more seasoned than 200 years and later it is belittled by Nawabs. There are 5000 families associated with Chikankari weaving in and around towns of Lucknow. The craftsmen have a place with neighborhood Muslim people group. Almost 90% of Chikankari work is finished by ladies expertly. Delhi, Mumbai are different habitats for Chikankari work.



Uses & Market Potential:

Chikankari is an extremely fragile and mind-boggling shadow work kind of weaving. At first, the weaving was finished utilizing white yarn, on dull muslins known as tanzeb. Be that as it may, today, georgette, chiffon, cotton and other fine textures are additionally being utilized. From being a frivolity utilized basically for adorning garments, Chikankari weaving work of India has now spread to pad covers, pad covers, table cloth, and so on.

Indian ethnic wear has pulled in numerous sightseers and furthermore has a size capable piece of piece of the pie in unfamiliar business sectors. Discussing ethnic wear, the most well-known thing that consumes the psyche is the handwork of Chikankari. The many-sided and sensitive work of Chikankari, which is a legacy from the Mughal Empire, is worn and decorated by ladies and men, everything being equal. The worldwide interest of the equivalent is humongous which is validated by the way that India sends out around 60 crores of rupees worth Chikankari clothes each year. The interest significantly pours in from the specialty crowd from Europe, Canada, USA, Italy, Australia, Middle East and African nations. Lucknow chikan weaving appreciates mainstream public consideration. Aside from being a customary, go-to article of clothing for most strict social events and celebrations, the craftsmanship additionally discovered its way to the Indian incline and allure world. One of its first and most celebrated appearances on the Bollywood screen was in the Indian film Anjuman, featuring Shabana Azmi and Farooq Shaikh. The film is set in Lucknow and manages misuse of ladies and the issues that the nearby chikan weaving laborers face. Indian planners Abu Jani and Sandeep Khosla have been devoted to elevating the status of conventional artworks in India and

Chikankari has remained their strength, with entertainer Judi Dench, of the James Bond arrangement, wearing one of their magnificent manifestations while getting an Oscar in 2004. Another Hollywood openness incorporates pop sensation Madonna wearing a Chikankari-weaved piece of clothing in her film, The Next Big Thing. The Chikankari business brags of 2.5 lakh craftsmen, one of the greatest craftsman bunches in India. Delightful and unpredictable plans are made with extraordinary creative expertise. The plan designs range from little butis to expand flower themes. Chikankari weaving essentially done on saris, suits, dress materials, tops, lahenga, dupattas, sherwanis, chudidaars, salwars and skirts. Presently a-days, Chikankari work isn't simply limited to Kurtas and saris it is likewise done on couch covers, eating covers, bed sheets. Sherwani (top that appears to be like men's Sherwani) for women is a new advancement in the specialty. The vast majority of the plan themes are propelled by blossoms, leafs, buds, leafy foods of trees. The Jaali work is basically affected by Mughal models.

Product:

CHIKANKARI FABRIC

Raw Material:

1. Fabric
2. Cotton thread
3. Wool
4. Indigo colors
5. River water
6. Starch

Manufacturing Process:

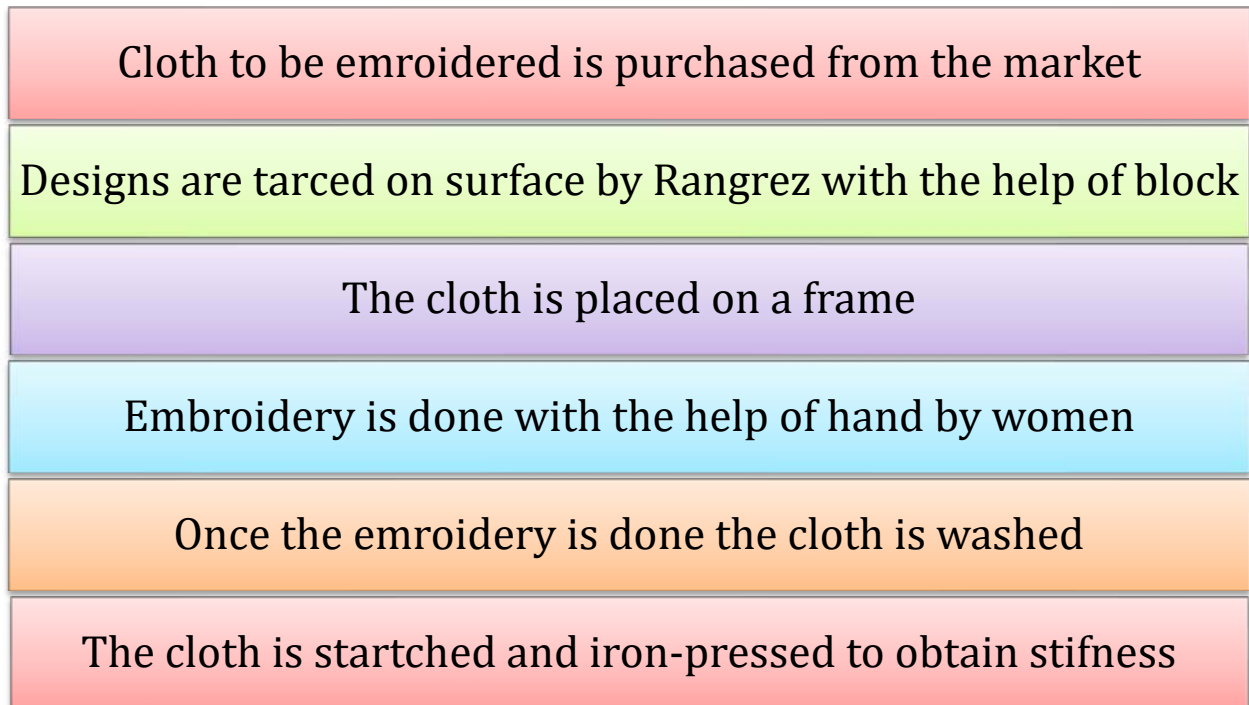


Fig. 1 – Process Flowchart

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for polishing area. Also, some of the area of building is required for office staff facilities, office furniture and documentation etc. Thus, the approximate total area required for complete industrial setup is 1000-1500Sqft. Civil work cost will be Rs. 5 Lakhs (Approx.).

Cost of Stores & Spares:

S No.	Machine	Unit	Price (INR)
1	Stores & Spares (Needles, Wooden tables, wooden blocks, etc.)		40,000/-

Power Requirement- - The estimated Power requirement is taken at 4 HP

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-4
- Helpers-3
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	1.04	1.68	2.63	3.68
Add: Additions	0.84	-	-	-	-
Add: Net Profit	2.00	2.64	3.15	3.76	4.46
Less: Drawings	1.80	2.00	2.20	2.70	3.20
Closing Balance	1.04	1.68	2.63	3.68	4.95
CC Limit	2.63	2.63	2.63	2.63	2.63
Term Loan	4.40	3.30	2.20	1.10	-
Sundry Creditors	0.75	0.85	0.95	1.05	1.16
TOTAL :	8.82	8.46	8.41	8.46	8.74
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	5.50	5.50	5.50	5.50	5.50
Gross Dep.	0.80	1.48	2.06	2.56	2.99
Net Fixed Assets	4.70	4.02	3.44	2.94	2.51
Current Assets					
Sundry Debtors	1.64	1.95	2.20	2.45	2.72
Stock in Hand	2.04	2.29	2.57	2.85	3.14
Cash and Bank	0.45	0.20	0.20	0.23	0.36
TOTAL :	8.82	8.46	8.41	8.46	8.74
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	32.78	39.01	43.92	49.05	54.41
Total (A)	32.78	39.01	43.92	49.05	54.41
<u>B) COST OF SALES</u>					
Raw Material Consumed	15.00	16.91	18.90	20.96	23.10
Electricity Expenses	0.45	0.49	0.54	0.58	0.63
Stores & spares	0.40	0.44	0.48	0.53	0.59
Labour & Wages	9.07	10.43	12.00	13.44	14.92
Depreciation	0.80	0.68	0.58	0.50	0.42
Cost of Production	25.72	28.96	32.50	36.01	39.65
Add: Opening Stock /WIP	-	1.29	1.45	1.63	1.80
Less: Closing Stock /WIP	1.29	1.45	1.63	1.80	1.98
Cost of Sales (B)	24.43	28.80	32.32	35.84	39.47
C) GROSS PROFIT (A-B)	8.34	10.21	11.59	13.21	14.93
	25.45%	26.18%	26.40%	26.94%	27.45%
D) Bank Interest i) (Term Loan)	0.54	0.44	0.32	0.20	0.08
ii) Interest On Working Capital	0.29	0.29	0.29	0.29	0.29
E) Salary to Staff	4.54	5.67	6.52	7.50	8.47
F) Selling & Adm Expenses Exp.	0.98	1.17	1.32	1.47	1.63
G) TOTAL (D+E+F)	6.35	7.57	8.45	9.46	10.47
H) NET PROFIT	2.00	2.64	3.15	3.76	4.46
	6.1%	6.8%	7.2%	7.7%	8.2%
I) Taxation	-	-	-	-	-
J) PROFIT (After Tax)	2.00	2.64	3.15	3.76	4.46

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	0.84	-	-	-	-
Reserve & Surplus	2.00	2.64	3.15	3.76	4.46
Depreciation & Exp. W/off	0.80	0.68	0.58	0.50	0.42
Increase In Cash Credit	2.63	-	-	-	-
Increase In Term Loan	4.95	-	-	-	-
Increase in Creditors	0.75	0.10	0.10	0.10	0.11
TOTAL :	11.97	3.42	3.83	4.36	5.00
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	5.50	-	-	-	-
Increase in Stock	2.04	0.26	0.28	0.28	0.29
Increase in Debtors	1.64	0.31	0.25	0.26	0.27
Repayment of Term Loan	0.55	1.10	1.10	1.10	1.10
Taxation	-	-	-	-	-
Drawings	1.80	2.00	2.20	2.70	3.20
TOTAL :	11.52	3.67	3.82	4.34	4.86
Opening Cash & Bank Balance	-	0.45	0.20	0.20	0.23
Add : Surplus	0.45	0.25	0.01	0.02	0.14
Closing Cash & Bank Balance	0.45	0.20	0.20	0.23	0.36

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	1.29	1.45	1.63	1.80	1.98
<u>Raw Material</u>					
(15 Days requirement)	0.75	0.85	0.95	1.05	1.16
Closing Stock	2.04	2.29	2.57	2.85	3.14

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net
			Amount
Stock in Hand	2.04		
Less:			
Sundry Creditors	0.75		
Paid Stock	1.29	0.13	1.16
Sundry Debtors	1.64	0.16	1.47
Working Capital Requirement			2.63
Margin			0.29
MPBF			2.63
Working Capital Demand			2.63

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	4.95	4.95	0.14	-	4.95
	Iind Quarter	4.95	-	4.95	0.14	-	4.95
	IIIrd Quarter	4.95	-	4.95	0.14	0.28	4.68
	Ivth Quarter	4.68	-	4.68	0.13	0.28	4.40
					0.54	0.55	
II	Opening Balance						
	Ist Quarter	4.40	-	4.40	0.12	0.28	4.13
	Iind Quarter	4.13	-	4.13	0.11	0.28	3.85
	IIIrd Quarter	3.85	-	3.85	0.11	0.28	3.58
	Ivth Quarter	3.58		3.58	0.10	0.28	3.30
					0.44	1.10	
III	Opening Balance						
	Ist Quarter	3.30	-	3.30	0.09	0.28	3.03
	Iind Quarter	3.03	-	3.03	0.08	0.28	2.75
	IIIrd Quarter	2.75	-	2.75	0.08	0.28	2.48
	Ivth Quarter	2.48		2.48	0.07	0.28	2.20
					0.32	1.10	
IV	Opening Balance						
	Ist Quarter	2.20	-	2.20	0.06	0.28	1.93
	Iind Quarter	1.93	-	1.93	0.05	0.28	1.65
	IIIrd Quarter	1.65	-	1.65	0.05	0.28	1.38
	Ivth Quarter	1.38		1.38	0.04	0.28	1.10
					0.20	1.10	
V	Opening Balance						
	Ist Quarter	1.10	-	1.10	0.03	0.28	0.83
	Iind Quarter	0.83	-	0.83	0.02	0.28	0.55
	IIIrd Quarter	0.55	-	0.55	0.02	0.28	0.28
	Ivth Quarter	0.28		0.28	0.01	0.28	-
					0.08	1.10	
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
<u>CASH ACCRUALS</u>	2.80	3.33	3.73	4.25	4.89
Interest on Term Loan	0.54	0.44	0.32	0.20	0.08
Total	3.33	3.76	4.05	4.45	4.96
<u>REPAYMENT</u>					
Repayment of Term Loan	0.55	1.10	1.10	1.10	1.10
Interest on Term Loan	0.54	0.44	0.32	0.20	0.08
Total	1.09	1.54	1.42	1.30	1.18
DEBT SERVICE COVERAGE RATIO	3.07	2.45	2.85	3.43	4.22
AVERAGE D.S.C.R.			3.16		

Assumptions:

1. Production Capacity of Chikankari Fabric unit is taken at 250 meter 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 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 4 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.