UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

STONE JEWELLERY

PROJECT REPORT

Of

STONE JEWELLERY

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding StoneJewelleryunit.

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.]

1-CONNECT
UTTAR PRADESH MSME

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	:	**JEWELLERY SET (Ear Ring, Ring, Pendant)**
6	Name of the project / business activity proposed :		**STONE JEWELLERY MAKING UNIT**
7	Cost of Project	:	Rs.21.62 Lakhs
8	Means of Finance		
	Term Loan		Rs.7.96 Lakhs
	Own Capital		Rs.2.16 Lakhs
	Working Capital		Rs.11.5 Lakhs
9	Debt Service Coverage Ratio	:	3.57
10	Pay Back Period	:	5 Years
11	Project Implementation Period	:	5-6 Months
12	Break Even Point	:	37%
13	Employment	:	12 Persons
14	Power Requirement	:	12.00 HP
15	Major Raw materials	:	Shazar Stone, Thin Steel wire & Silicon Carbide Powder
16	Estimated Annual Sales Turnover (Max Capacity)	:	261.57 Lakhs
17	Detailed Cost of Project & Means of Finance		

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land (1500 sqft.)	Own/Rented
Plant & Machinery	8.04
Furniture & Fixtures	0.80
Working Capital	12.78
Total	**21.62**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.16
Working Capital(Finance)	11.50
Term Loan	7.96
Total	**21.62**

2. PRODUCT INTRODUCTION

Agate is said to be one of the oldest stones to be used in jewelry and has been used for making jewelry, pestles and mortars since the Babylonian civilization. The word ‘agate’ is derived from a Greek word which means ‘happy’.

The historical backdrop of life and craft of the Sazar stone is old. Banda has been the middle for this stone work for the last 300-400 years. Legend has it that Sazar was found in Banda around 400 years prior by a Bedouin. Charmed by the tree like examples, he named it Sazar which, in Arabic, implies: tree, plant or bush. In nearby speech it is regularly called shajar, in Urdu, it is called Haqiq and in Hindi Sphatic. In English, Sazar is known as Dendrite Agate..

Shazar stone is relatively unknown to most Western jewelry buyers, but we here at Market Square Jewelers have a particular enthusiasm for it. We travel directly to the source and carefully select each stone to set into our antique, vintage, and handmade jewelry.

3. Market Potential:

The Sazar Specialty industry in Banda Group encourages the immediate and aberrant business chance to 150 families and around 1000 individuals. The 150 craftsman families in 60-70 units are occupied with sazar stone specialty at Kahipar, Khutla, Mardannaka zone in Banda. The craftsmans come from various foundations and social designs like minority, in reverse, beneath destitution line and general local area.

With customers from as far as Switzerland, Paris and Germany coming all the way to Lucknow to pick a piece up. Some even have it sent right to their doorstep and Gaurav, who is the solitary exporter in India of the Shazar Adornments is glad to oblige. The specialty is presently being advanced by Legislatures of Uttar Pradesh just as India. Sazar Art 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 fundamental commercial center of the Sazar Stone Art. Numerous craftsmans have since been respected at public and global displays.

Product Description:

4.1. **Product Uses-** It is generally utilized for fancy purposes like pendants, ear rings, rings, sindoordani and so forth In this task we have talked about Gems set comprising of pendants, ear rings a lot with one piece every one of 5 gm each (approx.)

4.2. **Raw Material-** Shazar stone, meager steel wire and Silicon Carbide Powder.

Average raw material cost per Jewellery set will be Rs. 1000-120(Approx.)

4.3. **Manufacturing Process:** Gathering the stone to shaping the pearl is an extremely work escalated work

- Sourcing: In prior periods Karkanedaars or plant proprietors used to set out for quite a long time to camp on the stream banks. There they would attempt to source stones that would yield sazar. The assortment is frequently completed after the blustery season to. At the point when it rains intensely and waterway and stream of that region gets cleared multiple times, the dirt gets broken up and streams over rocks or gets soaks onto the bank of the stream. Sazar is covered up with numerous different stones.

- Chipping: The artworks individual needs to work with a sledge which is utilized to break the stone. The affidavits are found by breaking the strand of each conceivable stone. It is an old and informal technique. 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: After taking it back to the plant, 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 check 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 partitions the stone into two sections. This is the normal creation which is then molded to shape Sazar.
- Shaping/ Designing: Then cautiously dodging any separation points, a plan is drawn on the stone with a pencil so the arising dendrite is exhibited in the best way. The plans could be round, oval, heart formed, pentagon, octagon or square. In neighborhood language these are alluded to as molding/planning. In neighborhood language these are alluded to as round (GOL), oval (BAIJA) heart (PAN), octagon (6MAS), square (CHAOCOR). The biggest dendrite that has been found in Banda has been around eight creeps in width.
- 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 made in an incredibly old ordinary style with a wooden bow and a pitiful steel wire as string 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 4 mm thickness. These stone cuts are then planned. Managed, molded and cleaned with most extreme consideration and exactness as the statements are in micron thickness as it were.
- Polishing: The lapped and sanded sazar is currently prepared for cleaning. The stone is cleaned with Red oxide, Cerium Oxide, Tin Oxide and Chromium Oxide.

5. Project Components:

5.1. **Land-** The required land for stone trimming and polishing is estimated to be around 1500sqft.

5.2. Civil Work-

- Workshop Area- This zone incorporates the wheel set up and establishment space for all supplies, work floor zone, and fundamental cutting and cleaning. Complete workshop region is approx. 1000Sqft.
- Inventory Area- This zone incorporates the extra room for all the crude materials, tooling and extra room and completed products. Complete stock region is approx. 300Sqft.
- Office Area – This space incorporates staff working locale. All out workshop region is approx 200Sqft.

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

5.3. **Machinery & Tools-** Cutting tools are as follows:

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 type of machine tool that uses linear relative motion between the work piece and a single-point cutting tool to machine a linear toolpath.	
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.	
Jewellery Laping 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.	

Average Machinery and equipments cost will be Rs. 804000 (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	-	6.05	9.81	13.06	17.26
Add: Additions	2.16	-	-	-	-
Add: Net Profit	3.89	4.76	5.75	7.21	8.49
Less: Drawings	-	1.00	2.50	3.00	4.50
Closing Balance	6.05	9.81	13.06	17.26	21.25
CC Limit	11.50	11.50	11.50	11.50	11.50
Term Loan	7.07	5.30	3.54	1.77	-
Sundry Creditors	6.60	7.56	8.60	9.73	10.94
TOTAL :	**31.22**	**34.17**	**36.70**	**40.26**	**43.69**
APPLICATION OF FUND					
Fixed Assets (Gross)	8.84	8.84	8.84	8.84	8.84
Gross Dep.	1.29	2.38	3.32	4.12	4.80
Net Fixed Assets	7.55	6.46	5.52	4.72	4.04
Current Assets					
Sundry Debtors	7.52	9.03	10.28	11.63	13.08
Stock in Hand	12.32	14.11	16.06	18.15	20.42
Cash and Bank	3.82	4.57	4.84	5.76	6.16
TOTAL :	**31.22**	**34.17**	**36.70**	**40.26**	**43.69**

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	150.48	180.68	205.59	232.52	261.57
Total (A)	**150.48**	**180.68**	**205.59**	**232.52**	**261.57**
B) COST OF SALES					
Raw Material Consumed	132.00	151.20	172.07	194.54	218.88
Elecricity Expenses	1.48	1.61	1.75	1.88	2.01
Repair & Maintenance	2.26	2.71	3.70	4.65	5.23
Labour & Wages	10.84	11.92	13.11	14.42	15.86
Depreciation	1.29	1.10	0.94	0.80	0.68
Cost of Production	147.86	168.54	191.56	216.30	242.67
Add: Opening Stock /WIP	-	7.92	9.07	10.32	11.67
Less: Closing Stock /WIP	7.92	9.07	10.32	11.67	13.12
Cost of Sales (B)	139.94	167.39	190.31	214.95	241.22
C) GROSS PROFIT (A-B)	10.54	13.30	15.28	17.57	20.35
	7.01%	**7.36%**	**7.43%**	**7.56%**	**7.78%**
D) Bank Interest (Term Loan)	0.86	0.70	0.51	0.32	0.12
ii) Interest On Working Capital	1.27	1.27	1.27	1.27	1.27
E) Salary to Staff	3.02	3.33	3.66	4.02	4.43
F) Selling & Adm Expenses Exp.	1.50	2.71	3.08	3.49	3.92
TOTAL (D+E)	**6.66**	**8.01**	**8.52**	**9.09**	**9.74**
H) NET PROFIT	3.89	5.29	6.76	8.48	10.61
	2.6%	**2.9%**	**3.3%**	**3.6%**	**4.1%**
I) Taxation	-	0.53	1.01	1.27	2.12
J) PROFIT (After Tax)	3.89	4.76	5.75	7.21	8.49

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	2.16	-			
Reserve & Surplus	3.89	5.29	6.76	8.48	10.61
Depriciation & Exp. W/off	1.29	1.10	0.94	0.80	0.68
Increase In Cash Credit	11.50				
Increase In Term Loan	7.96	-	-	-	-
Increase in Creditors	6.60	0.96	1.04	1.12	1.22
TOTAL :	**33.39**	**7.35**	**8.74**	**10.40**	**12.51**
APPLICATION OF FUND					
Increase in Fixed Assets	8.84	-	-	-	-
Increase in Stock	12.32	1.79	1.94	2.10	2.27
Increase in Debtors	7.52	1.51	1.25	1.35	1.45
Repayment of Term Loan	0.88	1.77	1.77	1.77	1.77
Taxation	-	0.53	1.01	1.27	2.12
Drawings	-	1.00	2.50	3.00	4.50
TOTAL :	**29.57**	**6.60**	**8.47**	**9.48**	**12.11**
Opening Cash & Bank Balance	-	3.82	4.57	4.84	5.76
Add : Surplus	3.82	0.75	0.27	0.92	0.40
Closing Cash & Bank Balance	**3.82**	**4.57**	**4.84**	**5.76**	**6.16**

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl Balance**
I	Opening Balance						
	Ist Quarter	-	7.96	7.96	0.22	-	7.96
	Iind Quarter	7.96	-	7.96	0.22	-	7.96
	IIIrd Quarter	7.96	-	7.96	0.22	0.44	7.51
	Ivth Quarter	7.51	-	7.51	0.21	0.44	7.07
					0.86	0.88	
II	Opening Balance						
	Ist Quarter	7.07	-	7.07	0.19	0.44	6.63
	Iind Quarter	6.63	-	6.63	0.18	0.44	6.19
	IIIrd Quarter	6.19	-	6.19	0.17	0.44	5.75
	Ivth Quarter	5.75		5.75	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	3.98
	Ivth Quarter	3.98		3.98	0.11	0.44	3.54
					0.51	1.77	
IV	Opening Balance						
	Ist Quarter	3.54	-	3.54	0.10	0.44	3.09
	Iind Quarter	3.09	-	3.09	0.09	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	1.33
	Iind Quarter	1.33	-	1.33	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)	7.92	9.07	10.32	11.67	13.12
Raw Material					
(10 Days requirement)	4.40	5.04	5.74	6.48	7.30
Closing Stock	**12.32**	**14.11**	**16.06**	**18.15**	**20.42**

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	12.32		
Less:			
Sundry Creditors	6.60		
Paid Stock	**5.72**	**0.57**	**5.15**
Sundry Debtors	7.52	0.75	6.77
Working Capital Requirement			**11.92**
Margin			1.32
MPBF			**11.92**
Working Capital Demand			**11.50**

CALCULATION OF D.S.C.R					
PARTICULARS	**I**	**II**	**III**	**IV**	**V**
CASH ACCRUALS	5.17	5.86	6.68	8.00	9.17
Interest on Term Loan	0.86	0.70	0.51	0.32	0.12
Total	6.04	6.56	7.19	8.32	9.29
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	**3.46**	**2.65**	**3.16**	**3.99**	**4.92**
AVERAGE D.S.C.R.			**3.57**		

Assumptions:

1. Production Capacity of a Stone Jewellery unit is taken at 80 set 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 10-15 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.

DISCLAIMER

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