

# PROJECT REPORT

Of

# KHADI MASK

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Khadi Mask**.

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 : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx  
Pin: xxxxxxxx State: xxxxxxxxx  
Mobile xxxxxxxx
- 5 Product and By Product : **KHADI MASK**
- 6 Name of the project / business activity proposed : **KHADI MASK MANUFACTURING UNIT**
- 7 Cost of Project : Rs.15.66 Lakhs
- 8 Means of Finance  
Term Loan Rs.9.1 Lakhs  
Own Capital Rs.1.57 Lakhs  
Working Capital Rs.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.42
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 40%
- 13 Employment : 13 Persons
- 14 Power Requirement : 10 KW
- 15 Major Raw materials : Khadi Fabric, Hosiery,Threads, Elastic etc.
- 16 Estimated Annual Sales Turnover (Max Utilized Capacity) : 75.42 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 1500 Sq ft	Own/Rented
Plant & Machinery	8.61
Furniture & Fixtures	1.50
Working Capital	5.55
<b>Total</b>	<b>15.66</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.57
Term Loan	9.10
Working Capital	5.00
<b>Total</b>	<b>15.66</b>

## 1. INTRODUCTION

### KHADI MASK



Once known as the 'fabric of freedom', the Khadi, a part of India's freedom struggle legacy, has undergone remarkable transitions into mainstream society, becoming not only a sustainable fashion statement but also a conscious attempt to promote khadi artisans and local weaves.

The very word 'Khadi' transports Indians back to an era where the fight for Independence included giving emphasis to locally made goods. Inevitably, springs to mind the timeless portrait of Mahatma Gandhi spinning the Charkha to send out a powerful statement of India's self-reliance to the rest of the world. The manufacturing potential for Khadi masks in India resonates with Prime Minister Narendra Modi's vision for Atmanirbhar Bharat, or self-reliant.

#### **Khadi Mask: Promoting rural economy & local weavers**

The findings of the latest report published by Invest India on 'Khadi Masks: Protecting Lives and Livelihoods during COVID-19' is a fine reference on the future of Khadi masks in India.

In a timely response, to the COVID-19 pandemic and the urgent requirement for safe and affordable face masks, the Khadi and Village Industries Commission showed the way forward. The emphasis on promoting a rural based economy of supporting local artisans and generating jobs for more than 6,000,000 workers is commendable.

## **2. MARKET POTENTIAL:**

In fact, India's export revenue from these masks can be pegged at anywhere between Rs 2000 crore and Rs 3000 crore, according to Prabhu Damodaran, convenor of Indian Texpreneurs Federation (ITF). The report showcases how spinning khadi on charkha make it a truly eco-friendly fabric, one with zero carbon footprint. Further, a metre of khadi fabric uses just three litres of water, whereas one metre of a fabric produced by mills requires around 55 litres of water.

Aftermath of the Novel Corona Virus has drastically reshaped trends of various industries and will have a similar impact on the Mask market as well. With the soaring demand for organic and affordable face masks, khadi masks are set to go truly global. The Invest India report on Khadi masks cites that KVIC is mulling the possibility of exporting khadi silk and khadi cotton face masks to foreign countries such as the US, Dubai, Mauritius and other countries in Europe and the Middle East.

### **3. PRODUCT DESCRIPTION**

#### **3.1 PRODUCT BENEFITS**

Not only are khadi masks sustainable, eco-friendly and have great potential for the future, a crucial aspect is that it pertains to the livelihood of artisans across the country's remotest parts. The fact that khadi masks are washable, reusable and bio-degradable add to the many reasons why it is sure to find large demand in the growing export market. It is used to prevent inflammation caused by heat generated from prolonged use of mask.

#### **3.2 RAW MATERIAL**

- Khadi Fabric
- Hosiery
- Threads
- Elastic etc.

#### **3.3 MANUFACTURING PROCESS**

##### **Khadi mask Production Process**

Selection of fabric according to requirement, all raw material are procured from vendor and stored in raw material warehouse as per production requirement. The raw material are brought to plant and then cutting of fabric is to be done as per the requirement of mask.

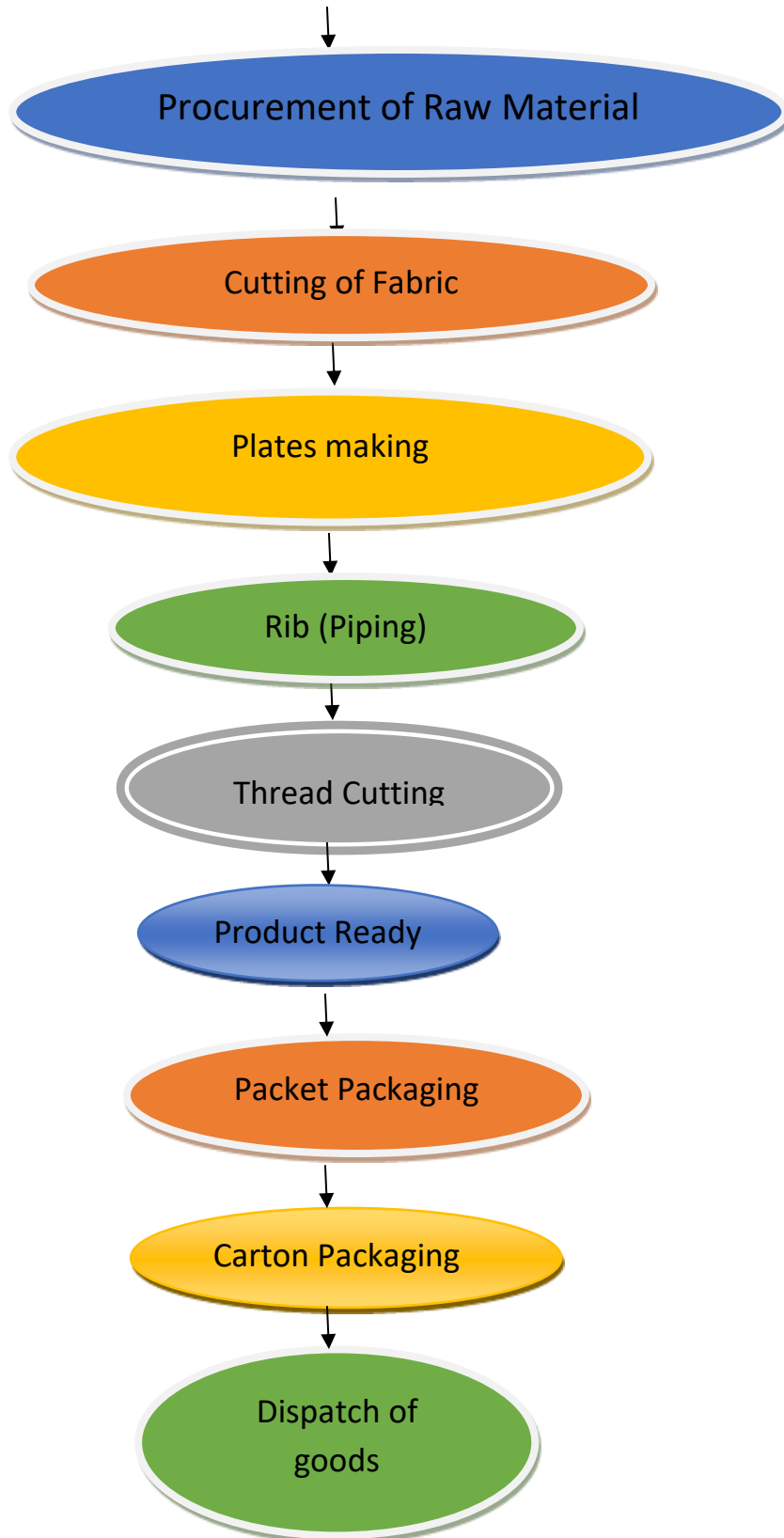
After that sewing and locking of fabric is to be done & plates to be inserted in the fabric. Next step is to rib (piping) of the mask.

Cutting of the extra thread from the mask.

After that product is packaged into individual packaging paper & are then packed in large cartons and then sent for sale.

# Technical Process Flow Chart

## Khadi Mask manufacturing process



**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	-	2.06	2.78	4.82	7.08
Add: Additions	1.57	-	-	-	-
Add: Net Profit	1.25	2.22	4.04	5.76	7.40
Less: Drawings	0.75	1.50	2.00	3.50	5.00
<b>Closing Balance</b>	<b>2.06</b>	<b>2.78</b>	<b>4.82</b>	<b>7.08</b>	<b>9.49</b>
CC Limit	5.00	5.00	5.00	5.00	5.00
Term Loan	8.09	6.07	4.04	2.02	-
Sundry Creditors	0.47	0.55	0.63	0.72	0.81
<b>TOTAL :</b>	<b>15.62</b>	<b>14.39</b>	<b>14.49</b>	<b>14.82</b>	<b>15.29</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	10.11	10.11	10.11	10.11	10.11
Gross Dep.	1.44	2.67	3.73	4.63	5.40
Net Fixed Assets	8.67	7.44	6.38	5.48	4.71
<b>Current Assets</b>					
Sundry Debtors	2.90	3.45	3.95	4.47	5.03
Stock in Hand	3.13	3.30	3.75	4.24	4.75
Cash and Bank	0.92	0.20	0.40	0.63	0.80
<b>TOTAL :</b>	<b>15.62</b>	<b>14.39</b>	<b>14.49</b>	<b>14.82</b>	<b>15.29</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	43.50	51.82	59.24	67.10	75.42
<b>Total (A)</b>	<b>43.50</b>	<b>51.82</b>	<b>59.24</b>	<b>67.10</b>	<b>75.42</b>
<b><u>B) COST OF SALES</u></b>					
Raw Mateiral Consumed	20.25	23.51	27.00	30.71	34.65
Electricity Expenses	1.35	1.48	1.62	1.75	1.89
Repair & Maintenance	0.22	0.26	0.30	0.34	0.38
Labour & Wages	12.67	13.94	15.33	16.87	18.55
Depreciation	1.44	1.23	1.05	0.90	0.77
Packaging Cost	0.87	1.04	1.18	1.34	1.51
<b>Cost of Production</b>	<b>36.80</b>	<b>41.46</b>	<b>46.49</b>	<b>51.91</b>	<b>57.75</b>
<b>Add: Opening Stock /WIP</b>	-	1.23	1.34	1.50	1.68
<b>Less: Closing Stock /WIP</b>	1.23	1.34	1.50	1.68	1.87
Cost of Sales (B)	35.57	41.35	46.32	51.74	57.56
<b>C) GROSS PROFIT (A-B)</b>	<b>7.93</b>	<b>10.47</b>	<b>12.91</b>	<b>15.37</b>	<b>17.86</b>
	<b>18.22%</b>	<b>20.20%</b>	<b>21.80%</b>	<b>22.90%</b>	<b>23.68%</b>
D) Bank Interest (Term Loan )	0.99	0.81	0.58	0.36	0.14
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	2.97	3.27	3.59	3.95	4.35
F) Selling & Adm Expenses Exp.	2.18	3.63	4.15	4.70	5.28
<b>TOTAL (D+E)</b>	<b>6.68</b>	<b>8.25</b>	<b>8.87</b>	<b>9.56</b>	<b>10.32</b>
H) NET PROFIT	1.25	2.22	4.04	5.80	7.54
	<b>2.9%</b>	<b>4.3%</b>	<b>6.8%</b>	<b>8.7%</b>	<b>10.0%</b>
I) Taxation	-	-	-	0.04	0.14
J) PROFIT (After Tax)	1.25	2.22	4.04	5.76	7.40



**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	1.57	-			
Net Profit	1.25	2.22	4.04	5.80	7.54
Depreciation & Exp. W/off	1.44	1.23	1.05	0.90	0.77
Increase In Cash Credit	5.00				
Increase In Term Loan	9.10	-	-	-	-
Increase in Creditors	0.47	0.08	0.08	0.09	0.09
<b>TOTAL :</b>	<b>18.82</b>	<b>3.53</b>	<b>5.17</b>	<b>6.79</b>	<b>8.41</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	10.11	-	-	-	-
Increase in Stock	3.13	0.17	0.45	0.48	0.52
Increase in Debtors	2.90	0.55	0.49	0.52	0.55
Repayment of Term Loan	1.01	2.02	2.02	2.02	2.02
Taxation	-	-	-	0.04	0.14
Drawings	0.75	1.50	2.00	3.50	5.00
<b>TOTAL :</b>	<b>17.90</b>	<b>4.25</b>	<b>4.97</b>	<b>6.57</b>	<b>8.23</b>
Opening Cash & Bank Balance	-	0.92	0.20	0.40	0.63
Add : Surplus	0.92	- 0.72	0.20	0.22	0.18
Closing Cash & Bank Balance	<b>0.92</b>	<b>0.20</b>	<b>0.40</b>	<b>0.63</b>	<b>0.80</b>

**COMPUTATION OF KHADI MASK MANUFACTURING UNIT****Items to be Manufactured KHADI MASK**

Manufacturing Capacity per Day		1,500.00	pcs
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		450,000	pcs
Year		Capacity	KHADI MASK MANUFACTURING UNIT
		Utilisation	
I		50%	225,000
II		55%	247,500
III		60%	270,000
IV		65%	292,500
V		70%	315,000

**COMPUTATION OF RAW MATERIAL**

Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total Cost Per Annum (100%)
<b>Raw Material Consumed</b>	<b>450,000.00</b>	<b>pcs</b>	<b>9.00</b>	4,050,000.00
Total				<b>4,050,000.00</b>

Total Raw material in Rs lacs at 100% Capacity 40.50  
Average Cost per pcs (In Rs) **9.00**

Raw Material Consumed	Capacity Utilisation	Rate	Amount (Rs.)
I	50%	9.00	20.25
II	55%	9.50	23.51
III	60%	10.00	27.00
IV	65%	10.50	30.71
V	70%	11.00	34.65

**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>Finished Goods</b>					
(10 Days requirement)	1.23	1.34	1.50	1.68	1.87
<b>Raw Material</b>					
(25-30 Days requirement)	1.90	1.96	2.25	2.56	2.89
<b>Closing Stock</b>	<b>3.13</b>	<b>3.30</b>	<b>3.75</b>	<b>4.24</b>	<b>4.75</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	3.13		
Less:			
Sundry Creditors	0.47		
<b>Paid Stock</b>	<b>2.65</b>	<b>0.27</b>	<b>2.39</b>
Sundry Debtors	2.90	0.29	2.61
<b>Working Capital Requirement</b>			<b>5.00</b>
<b>Margin</b>			0.56
<b>MPBF</b>			<b>5.00</b>
<b>Working Capital Demand</b>			<b>5.00</b>

**BREAK UP OF LABOUR**

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Supervisor		15,000.00	1	15,000.00
Plant Operator		12,500.00	1	12,500.00
Unskilled Worker		8,500.00	6	51,000.00
Helper		5,000.00	2	10,000.00
Security Guard		7,500.00	1	7,500.00
				96,000.00
Add: 10% Fringe Benefit				9,600.00
Total Labour Cost Per Month				105,600.00
Total Labour Cost for the year ( In Rs. Lakhs)			11	12.67

**BREAK UP OF SALARY**

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Accountant cum store keeper		10,000.00	1	10,000.00
Administrative Staffs		12,500.00	1	12,500.00
Total Salary Per Month				22,500.00
Add: 10% Fringe Benefit				2,250.00
Total Salary for the month				24,750.00
Total Salary for the year ( In Rs. Lakhs)			2	2.97

**COMPUTATION OF DEPRECIATION**

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation			<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	Own/Rented		-	-	-
Addition	-		8.61	1.50	10.11
	-		8.61	1.50	10.11
TOTAL		-	8.61	1.50	10.11
Less : Depreciation	-	-	1.29	0.15	1.44
WDV at end of Ist year	-	-	7.32	1.35	8.67
Additions During The Year	-	-	-	-	-
	-	-	7.32	1.35	8.67
Less : Depreciation	-	-	1.10	0.14	1.23
WDV at end of IIInd Year	-	-	6.22	1.22	7.44
Additions During The Year	-	-	-	-	-
	-	-	6.22	1.22	7.44
Less : Depreciation	-	-	0.93	0.12	1.05
WDV at end of IIIrd year	-	-	5.29	1.09	6.38
Additions During The Year	-	-	-	-	-
	-	-	5.29	1.09	6.38
Less : Depreciation	-	-	0.79	0.11	0.90
WDV at end of IV year	-	-	4.49	0.98	5.48
Additions During The Year	-	-	-	-	-
	-	-	4.49	0.98	5.48
Less : Depreciation	-	-	0.67	0.10	0.77
WDV at end of Vth year	-	-	3.82	0.89	4.71

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	9.10	9.10	0.25	-	9.10
	IInd Quarter	9.10	-	9.10	0.25	-	9.10
	IIIrd Quarter	9.10	-	9.10	0.25	0.51	8.59
	Ivth Quarter	8.59	-	8.59	0.24	0.51	8.09
					0.99	1.01	
II	Opening Balance						
	Ist Quarter	8.09	-	8.09	0.22	0.51	7.58
	IInd Quarter	7.58	-	7.58	0.21	0.51	7.08
	IIIrd Quarter	7.08	-	7.08	0.19	0.51	6.57
	Ivth Quarter	6.57		6.57	0.18	0.51	6.07
					0.81	2.02	
III	Opening Balance						
	Ist Quarter	6.07	-	6.07	0.17	0.51	5.56
	IInd Quarter	5.56	-	5.56	0.15	0.51	5.06
	IIIrd Quarter	5.06	-	5.06	0.14	0.51	4.55
	Ivth Quarter	4.55		4.55	0.13	0.51	4.04
					0.58	2.02	
IV	Opening Balance						
	Ist Quarter	4.04	-	4.04	0.11	0.51	3.54
	IInd Quarter	3.54	-	3.54	0.10	0.51	3.03
	IIIrd Quarter	3.03	-	3.03	0.08	0.51	2.53
	Ivth Quarter	2.53		2.53	0.07	0.51	2.02
					0.36	2.02	
V	Opening Balance						
	Ist Quarter	2.02	-	2.02	0.06	0.51	1.52
	IInd Quarter	1.52	-	1.52	0.04	0.51	1.01
	IIIrd Quarter	1.01	-	1.01	0.03	0.51	0.51
	Ivth Quarter	0.51		0.51	0.01	0.51	0.00
					0.14	2.02	

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>	2.69	3.45	5.09	6.67	8.18
Interest on Term Loan	0.99	0.81	0.58	0.36	0.14
Total	3.67	4.26	5.68	7.03	8.32
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.01	2.02	2.02	2.02	2.02
Interest on Term Loan	0.99	0.81	0.58	0.36	0.14
Total	2.00	2.83	2.61	2.38	2.16
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.84</b>	<b>1.51</b>	<b>2.18</b>	<b>2.95</b>	<b>3.85</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.42</b>		

**COMPUTATION OF SALE**

Particulars	I	II	III	IV	V
Op Stock	-	7,500.00	8,250.00	9,000.00	9,750.00
Production	225,000.00	247,500.00	270,000.00	292,500.00	315,000.00
Less : Closing Stock(10 Days)	7,500.00	8,250.00	9,000.00	9,750.00	10,500.00
Net Sale	217,500.00	246,750.00	269,250.00	291,750.00	314,250.00
Avg Sale Price per pcs	20.00	21.00	22.00	23.00	24.00
<b>Sale (in Lacs)</b>	<b>43.50</b>	<b>51.82</b>	<b>59.24</b>	<b>67.10</b>	<b>75.42</b>



**COMPUTATION OF ELECTRICITY****(A) POWER CONNECTION**

Total Working Hour per day	Hours	8	
Electric Load Required	KW	10	
Load Factor			
Electricity Charges	per unit	7.50	
Total Working Days		300	
<b>Electricity Charges</b>			1.80
Add : Minimim Charges (@ 10%)			

**(B) DG set**

No. of Working Days		300	days
No of Working Hours		0.5	Hour per day
Total no. of Hour		150	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		1,200	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		0.78	
Add : Lube Cost @15%		0.12	
Total		<b>0.90</b>	
Total cost of Power & Fuel at 100%			2.70

Year	Capacity	Amount (in Lacs)
I	50%	1.35
II	55%	1.48
III	60%	1.62
IV	65%	1.75
V	70%	1.89

## **DISCLAIMER**

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