

PROJECT REPORT

Of

PATCHWORK FABRICS UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Patchwork Fabrics 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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **Patchwork Fabric**
- 6 Name of the project / business activity proposed : **Patchwork Fabric Unit**
- 7 Cost of Project :Rs.10.31 Lakhs
- 8 Means of Finance
- | | |
|-----------------|---------------|
| Term Loan | Rs.7.11 Lakhs |
| Own Capital | Rs.1.03 Lakhs |
| Working Capital | Rs.2.17 Lakhs |
- 9 Debt Service Coverage Ratio : 2.59
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 49%
- 13 Employment : 10 Persons
- 14 Power Requirement : 2.00 KW
- 15 Major Raw materials : Major raw materials used are fabric and thread etc.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 48.86 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	1.90
Civil Work	4.00
Furniture & Fixtures	2.00
Working Capital	2.41
Total	10.31

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.03
Working Capital(Finance)	2.17
Term Loan	7.11
Total	10.31

PATCHWORK FABRICS UNIT

Introduction:

Patchwork is a print trend rather than a fabric trend. In the distinctive way the printed materials are placed in the patchwork design gives the outfit a distinct personality. Print-on-print and patchwork are not the same thing. There isn't much of a distinction between patchwork and print-on-print, as both provide the wearer with a unique experience. Though there isn't much of a distinction between patchwork and print-on-print, both provide the user with a variety of colours and prints to choose from. Patchwork prints, on the other hand, are intelligently and imaginatively made as one piece by stitching multiple pieces of print cloth together, unlike layered prints. It may appear to be mismatched bits of fabric at first glance, but putting together different pieces of cloth and turning them into a beautiful outfit that is designed to look that way takes a lot of thinking. Patchwork is a craft that promotes recycling and, as a result, has several environmental advantages. There is no need to produce these textiles from raw materials because existing fibres and fabrics may be reused (such as cotton, wool, and synthetic fibres). This reduces the amount of energy consumed and pollutants produced in production operations like as dyeing, washing, and scouring.



Uses & Market Potential:

Patchwork, often known as "pieced work," is a type of needlework in which pieces of cloth are sewn together to make a bigger design. The bigger design is often made up of recurring patterns made up of various fabric forms (which can be different colours). These basic geometric shapes have been carefully measured and cut, making them simple to piece together. Patchwork is most often used to make quilts, but it can also be used to make rugs, bags, wall-hangings, warm jackets, cushion covers, skirts, waistcoats and other items of clothing. Patchwork patterns were used with square patterned wall tiles by brands like D&G, creating a gypsy atmosphere, and patchwork designs have been a popular motif for numerous design companies since then. Patchwork with tribal patterns and geometrical motifs is very popular. Metallic studs, sheer ruffles, mesh, embroidery, pleats, and leather are just a few of the embellishments that may be used to create a stunning look. The global decorated apparel market size was valued at USD 26.75 billion in 2018 and is anticipated to expand at a CAGR of 10.91% over the forecast period of 2019 to 2025. Increasing demand for embroidery, screen printing, sublimation, and heat transfer works on apparel is driving the growth of the market. With the growing popularity of personalised t-shirts and tops, demand for clothing printing is rising, resulting in market expansion. Furthermore, market growth will be fuelled by product and technical advancements, particularly in the women's apparel sector. Over the projected period, the rising trend of patchwork and vintage logo designs is likely to enhance product demand.

Product:

PATCHWORK FABRIC

Raw Material:

1. Cotton Fabric: Pieces of cotton fabric is the basic material used for making the applique patchwork.
2. Scissor: Scissor is used for cutting extra fabric and thread.
3. Thread: Thread is used for stitching the pieces of fabric together.
4. Needle: Needle is used for sewing the fabric.

Manufacturing Process

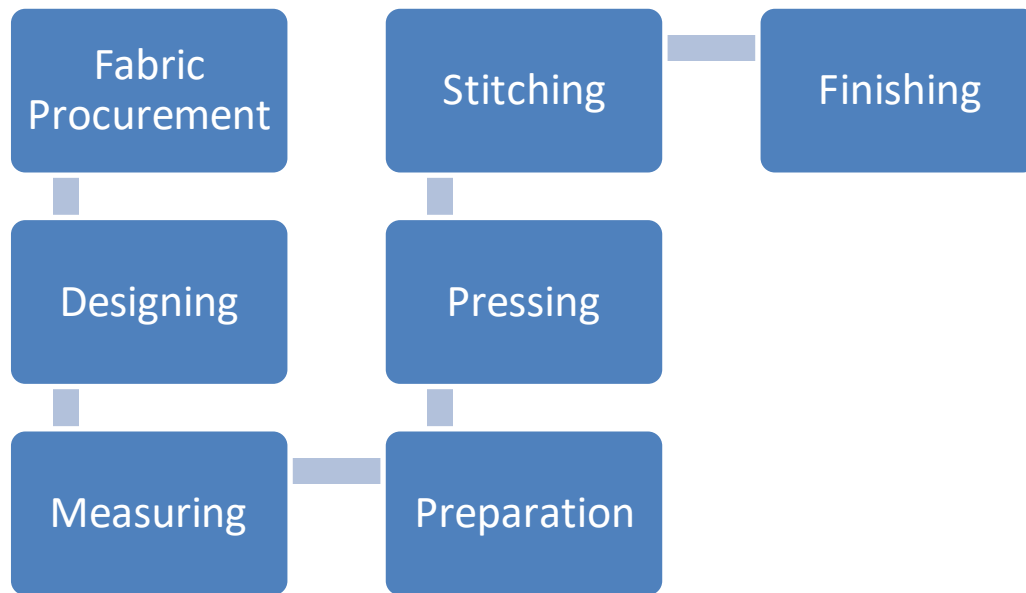


Fig. 1 – Process Flowchart

Area:

The setup requires space for manufacturing unit. 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 1000 Sq. ft. approximately.

Cost of Machines:

S No.	Machine	Price (INR)
1.	Scissors.	10,000/-
2.	Sewing Machine	75,000/-
3.	Rotary Cutter	5000/-
4.	Fabric Cutting Table	1,00,000
	Total	1,90,000/-

Power Requirement- - The estimated Power requirement is taken at 2 KW.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-6
- Manager- 1
- Helper- 2
- Sales Personal- 1

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	1.49	2.50	3.68	4.98
Add: Additions	1.03	-	-	-	-
Add: Net Profit	1.36	2.51	3.68	4.80	5.56
Less: Drawings	0.90	1.50	2.50	3.50	4.20
Closing Balance	1.49	2.50	3.68	4.98	6.34
CC Limit	2.17	2.17	2.17	2.17	2.17
Term Loan	6.32	4.74	3.16	1.58	-
Sundry Creditors	0.70	0.78	0.85	0.93	1.01
TOTAL :	10.69	10.19	9.86	9.66	9.52
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	7.90	7.90	7.90	7.90	7.90
Gross Dep.	1.09	2.02	2.82	3.51	4.10
Net Fixed Assets	6.82	5.88	5.08	4.39	3.80
Current Assets					
Sundry Debtors	1.57	1.81	2.01	2.22	2.44
Stock in Hand	1.55	1.73	1.91	2.11	2.31
Cash and Bank	0.76	0.77	0.86	0.94	0.97
TOTAL :	10.69	10.19	9.86	9.66	9.52
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	31.32	36.18	40.22	44.45	48.86
Total (A)	31.32	36.18	40.22	44.45	48.86
<u>B) COST OF SALES</u>					
Raw Material Consumed	14.04	15.51	17.04	18.62	20.26
Electricity Expenses	0.36	0.39	0.42	0.45	0.48
Repair & Maintenance	0.13	0.14	0.16	0.18	0.20
Labour & Wages	9.07	9.98	10.98	12.07	13.28
Depreciation	1.09	0.93	0.80	0.69	0.59
Cost of Production	24.68	26.96	29.40	32.02	34.81
Add: Opening Stock /WIP	-	1.08	1.21	1.34	1.49
Less: Closing Stock /WIP	1.08	1.21	1.34	1.49	1.63
Cost of Sales (B)	23.60	26.83	29.27	31.88	34.67
C) GROSS PROFIT (A-B)	7.72	9.35	10.96	12.58	14.19
	24.64%	25.83%	27.24%	28.29%	29.04%
D) Bank Interest i) (Term Loan)	0.77	0.63	0.46	0.28	0.11
ii) Interest On Working Capital	0.24	0.24	0.24	0.24	0.24
E) Salary to Staff	3.78	4.16	4.57	5.03	5.53
F) Selling & Adm Expenses Exp.	1.57	1.81	2.01	2.22	2.44
G) TOTAL (D+E+F)	6.36	6.84	7.28	7.77	8.32
H) NET PROFIT	1.36	2.51	3.68	4.80	5.87
	4.3%	6.9%	9.1%	10.8%	12.0%
I) Taxation	-	-	-	-	0.31
J) PROFIT (After Tax)	1.36	2.51	3.68	4.80	5.56

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.03	-	-	-	-
Reserve & Surplus	1.36	2.51	3.68	4.80	5.87
Depriciation & Exp. W/off	1.09	0.93	0.80	0.69	0.59
Increase In Cash Credit	2.17	-	-	-	-
Increase In Term Loan	7.11	-	-	-	-
Increase in Creditors	0.70	0.07	0.08	0.08	0.08
TOTAL :	13.46	3.52	4.55	5.57	6.54
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	7.90	-	-	-	-
Increase in Stock	1.55	0.18	0.19	0.19	0.20
Increase in Debtors	1.57	0.24	0.20	0.21	0.22
Repayment of Term Loan	0.79	1.58	1.58	1.58	1.58
Taxation	-	-	-	-	0.31
Drawings	0.90	1.50	2.50	3.50	4.20
TOTAL :	12.70	3.50	4.47	5.49	6.51
Opening Cash & Bank Balance	-	0.76	0.77	0.86	0.94
Add : Surplus	0.76	0.01	0.09	0.08	0.03
Closing Cash & Bank Balance	0.76	0.77	0.86	0.94	0.97

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.08	1.21	1.34	1.49	1.63
<u>Raw Material</u>					
(10 Days requirement)	0.47	0.52	0.57	0.62	0.68
Closing Stock	1.55	1.73	1.91	2.11	2.31

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	1.55		
Less:			
Sundry Creditors	0.70		
Paid Stock	0.85	0.08	0.76
Sundry Debtors	1.57	0.16	1.41
Working Capital Requirement			2.17
Margin			0.24
MPBF			2.17
Working Capital Demand			2.17

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	7.11	7.11	0.20	-	7.11
	Iind Quarter	7.11	-	7.11	0.20	-	7.11
	IIIrd Quarter	7.11	-	7.11	0.20	0.40	6.72
	Ivth Quarter	6.72	-	6.72	0.18	0.40	6.32
					0.77	0.79	
II	Opening Balance						
	Ist Quarter	6.32	-	6.32	0.17	0.40	5.93
	Iind Quarter	5.93	-	5.93	0.16	0.40	5.53
	IIIrd Quarter	5.53	-	5.53	0.15	0.40	5.14
	Ivth Quarter	5.14		5.14	0.14	0.40	4.74
					0.63	1.58	
III	Opening Balance						
	Ist Quarter	4.74	-	4.74	0.13	0.40	4.35
	Iind Quarter	4.35	-	4.35	0.12	0.40	3.95
	IIIrd Quarter	3.95	-	3.95	0.11	0.40	3.56
	Ivth Quarter	3.56		3.56	0.10	0.40	3.16
					0.46	1.58	
IV	Opening Balance						
	Ist Quarter	3.16	-	3.16	0.09	0.40	2.77
	Iind Quarter	2.77	-	2.77	0.08	0.40	2.37
	IIIrd Quarter	2.37	-	2.37	0.07	0.40	1.98
	Ivth Quarter	1.98		1.98	0.05	0.40	1.58
					0.28	1.58	
V	Opening Balance						
	Ist Quarter	1.58	-	1.58	0.04	0.40	1.19
	Iind Quarter	1.19	-	1.19	0.03	0.40	0.79
	IIIrd Quarter	0.79	-	0.79	0.02	0.40	0.40
	Ivth Quarter	0.40		0.40	0.01	0.40	0.00
					0.11	1.58	

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

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	2.45	3.44	4.48	5.49	6.15
Interest on Term Loan	0.77	0.63	0.46	0.28	0.11
Total	3.22	4.07	4.93	5.77	6.26
<u>REPAYMENT</u>					
Principal Repayment of Term Loan	0.79	1.58	1.58	1.58	1.58
Interest on Term Loan	0.77	0.63	0.46	0.28	0.11
Total	1.56	2.21	2.04	1.86	1.69
DEBT SERVICE COVERAGE RATIO	2.06	1.84	2.42	3.10	3.71
AVERAGE D.S.C.R.	2.59				

Assumptions:

1. Production Capacity of Patchwork Fabrics unit is taken at 120 MTR 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 10 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 2 KW.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years

DISCLAIMER

The views expressed in this Project Report are advisory in nature. SAMADHAN assume no financial liability to anyone using the content for any purpose. All the materials and content contained in Project report is for educational purpose and reflect the views of the industry which are drawn from various research material sources from internet, experts, suppliers and various other sources. The actual cost of the project or industry will have to be taken on case to case basis considering specific requirement of the project, capacity and type of plant and other specific factors/cost directly related to the implementation of project. It is intended for general guidance only and must not be considered a substitute for a competent legal advice provided by a licensed industry professional. SAMADHAN hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content, which is provided as is, and without warranties.