PROJECT REPORT

Of

KNITTED LACE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Knitted lace 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.]

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PROJECT AT GLANCE

1	**Name of Proprietor/Director**	XXXXXXXX	
2	**Firm Name**	XXXXXXXX	
3	**Registered Address**	XXXXXXXX	
4	**Nature of Activity**	XXXXXXXX	
5	**Category of Applicant**	XXXXXXXX	
6	**Location of Unit**	XXXXXXXX	
7	**Cost of Project**	18.65	Rs. In Lakhs
8	**Means of Finance**		
i)	**Own Contribution**	1.86	Rs. In Lakhs
ii)	**Term Loan**	12.22	Rs. In Lakhs
iii)	**Working Capital**	4.56	Rs. In Lakhs
9	**Debt Service Coverage Ratio**	3.15	
10	**Break Even Point**	30%	
11	**Power Requiremnet**	12	KW
12	**Employment**	10	Persons
13	**Major Raw Materials**	Yarn, water soluble topper roll, die powder etc.	

14 Details of Cost of Project & Means of Finance

Cost of Project **Amount in Lacs**

Particulars	**Amount**
Land and building	Owned/Leased
Plant & Machinery	11.33
Furniture & Fixture	1.25
Other Misc Assets	1.00
Working Capital Requirement	5.07
Total	**18.65**

Means of Finance

Particulars	**Amount**
Own Contribution	1.86
Term Loan	12.22
Working capital Loan	4.56
Total	**18.65**

KNITTED LACE PRODUCTION UNIT

1. INTRODUCTION

Lace is a delicate fabric made of yarn or thread in an open web like pattern made by machine or by hand. Generally, lace is divided into two main categories, needle lace, and bobbin lace. There are other types of lace, such as knitted or crocheted lace. Other laces such as these are considered as a category of their specific craft. Knitted lace, therefore, is an example of knitting. A highly elastic form of lace, knitted lace is a type of knit fabric that features a large number of small holes. Commonly used to make shawls and table covers, knitted lace is very difficult to make, earlier it cannot be made with machines. The wonderful thing about knitted lace is that despite its apparent intricacy, it follows a simple logic. The openings are created by special increases called yarnovers, and each yarnover is accompanied by a compensating decrease. Traditional laceweight yarn yields beautiful lace patterns, but sport, worsted, and bulky yarns can be equally effective. A smooth, light-colored fingering or sport weight yarn worked on a needle three to four sizes larger than you'd normally use creates a fluid fabric in which the lace pattern is visible. But fuzzy yarns and dark, variegated colors yield impressive results, too.

2 PRODUCT DESCRIPTION

2.1 PRODUCT USES

Commonly used to make shawls and table covers. Lace is mainly used as a decorative addition to other textile products. Winter wears often feature multiple lace segments, and it's also relatively common to add lace to other formal and informal women's garments. Knitted lace is used to make gloves, socks, and sweaters. Lace is also a popular fabric for homewares.

2.2 MANUFACTURING PROCESS

This process can be broken down into the following steps-

- **Raw material procurement**
- **Production Process**
- **Testing**

Raw Material Procurement

The raw materials are checked strictly as per established quality standards and requirements. Individual supplier assessment and supplier rating are done depending upon the rejection levels at the incoming quality control stage. Sorting of raw material will be done as per material type or specifications. The material will be stored in; dust-free, moisture-free, neat, and clean environment.

Production Process

Bobbin lace: To produce bobbin lace, textile manufacturers load thread or yarn onto approximately 20 different bobbins. They then feed these bobbins onto a pillow attached to a spindle, and they form the desired lace pattern on the pillow using pins. The first automated lace-making machines followed the bobbin lace method, and automated bobbin lace is produced using a similar (yet more efficient) process.

Needle lace: Needle lace appears to predate bobbin lace, and while exquisitely beautiful, this type of lace is incredibly time-consuming to make. In most cases, textile manufacturers make needle lace by affixing guiding threads to a stiff background and filling in the desired pattern with tiny stitches. While modern textile manufacturing machinery can approximate needle lace with reasonable fidelity, there is simply no substitute for this exquisite, handmade type of lace fabric.

Chemical lace: Textile manufacturers make chemical lace by embroidering a pattern on a type of fabric that is not resistant to caustic chemicals. Then, the lace is bathed in chemicals until the base fabric dissolves, leaving only the lace pattern intact. While it is easier to stitch chemical lace, this type of lace is not as high-quality as bobbin or needle lace.

Knitted lace: Once the yarn has been sourced, it is winded into cones using a winding machine. The thread or yarn can also be sourced wounded. The yarn is then distributed to operators at manufacturing facilities. Knitters will then knit lace on a flat knitting machine according to a design panel. Weaving is a process of making cloth by interlacing threads perpendicular to each other usually accomplished with a hand- or power-operated loom. A loom is any machine or device that holds the threads and helps to weave them. The weaving machine has multiple needles that each correspond to a specific thread and they work together to create a lace-like structure. Panel knitting involves knitting specific areas of the garment referred to as panels. Then, during the knitting process, a separation thread is inserted between the panels which allows them to be divided without cutting them. Finally, once the panels are knitted, the separation thread is removed. And lace will be sent for testing. Before that embroidery can also be done. Soluble toppers will be placed upon lace and by using a multi-head embroidery machine; embroidery work will be performed if required. The dying process can also be done if required.



Testing: Quality Control: Manual inspection, trimming of loose fabrics or strings.

3 PROJECT COMPONENTS

3.1 Land /Civil Work

The land require for this manufacturing unit will be approx. around 2000-3000 square feet. We have not considered the cost of Land purchase & Building Civil work in the project. It is assumed that land & building willbe on rent & approx. rental of the same will be Rs.30000.00 per month.

3.2 Plant & Machinery

- **Lace Knitting or weaving Machine**

Knitting machines work by automating all or part of the knitting process. They can produce a variety of different knitted fabrics, mostly dependent upon the size of the yarn used. Specialty machines like automatic patterning machines can also create custom patterns.

- **Embroidery Machine**

This machine is used to create patterns on lace.

- **Lace Cutting machine**

This machine is used for the lace cutting process. A fabric cutting machine can also be used to cut the formed lace.

- **Dying Machine** (Optional) This machine is used for dying knitted lace material.

S.N.	Description	Amount	Qty	Amount
1	Lace Knitting Machine	320000	1	320000
2	Embroidery Machine	380000	1	380000
3	Lace Cutting Machine	95000	1	95000
4	Dying Machine	165000	1	165000
	Sub Total			**960000**
	GST			**172800**
	Total			**1132800**

3.3 Misc. Assets

The miscellaneous assets include Viscometer to check the consistency of the Adhesive, different lab testing devices, Spare parts, Generator, safety equipment, instrument chart and accessories, cleaning materials of the plants, computer, printer, furniture, and other electrical equipment's.

7. LICENSE & APPROVALS

- MSME Udyam registration
- BIS certification
- ISO certification
- Company registration
- GST registration

PROJECTED BALANCE SHEET **(in Lacs)**

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Liabilities					
Capital					
Opening Balance		3.31	4.98	7.20	9.94
Add:- Own Capital	1.86				
Add:- Retained Profit	4.95	6.17	7.71	9.24	10.90
Less:- Drawings	3.50	4.50	5.50	6.50	7.50
Closing Balance	3.31	4.98	7.20	9.94	13.33
Term Loan	10.86	8.15	5.43	2.72	-
Working Capital Limit	4.56	4.56	4.56	4.56	4.56
Sundry Creditors	0.90	1.07	1.25	1.44	1.64
Provisions & Other Liabilities	0.50	0.75	0.90	1.08	1.20
TOTAL :	**20.14**	**19.51**	**19.33**	**19.73**	**20.73**
Assets					
Fixed Assets (Gross)	13.58	13.58	13.58	13.58	13.58
Gross Depreciation	1.97	3.66	5.10	6.32	7.37
Net Fixed Assets	**11.61**	**9.92**	**8.48**	**7.26**	**6.21**
Current Assets					
Sundry Debtors	3.22	3.39	3.66	4.58	6.06
Stock in Hand	2.75	3.23	3.75	4.31	4.90
Cash and Bank	0.76	0.97	1.24	1.19	0.97
Loans and advances/other current assets	1.80	2.00	2.20	2.40	2.60
TOTAL :	**20.14**	**19.51**	**19.33**	**19.73**	**20.73**

PROJECTED CASH FLOW STATEMENT **(in Lacs)**

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
SOURCES OF FUND					
Own Margin	1.86				
Net Profit	5.10	6.65	8.59	10.60	13.00
Depriciation & Exp. W/off	1.97	1.68	1.44	1.23	1.05
Increase in Cash Credit	4.56	-	-	-	-
Increase In Term Loan	12.22	-	-	-	-
Increase in Creditors	0.90	0.17	0.18	0.19	0.20
Increase in Provisions & Other liabilities	0.50	0.25	0.15	0.18	0.12
TOTAL :	**27.12**	**8.75**	**10.35**	**12.20**	**14.37**
APPLICATION OF FUND					
Increase in Fixed Assets	13.58				
Increase in Stock	2.75	0.48	0.52	0.56	0.59
Increase in Debtors	3.22	0.17	0.27	0.92	1.48
Increase in loans and advances	1.80	0.20	0.20	0.20	0.20
Repayment of Term Loan	1.36	2.72	2.72	2.72	2.72
Drawings	3.50	4.50	5.50	6.50	7.50
Taxation	0.15	0.47	0.88	1.36	2.11
TOTAL :	**26.36**	**8.54**	**10.08**	**12.25**	**14.60**
Opening Cash & Bank Balance	-	0.76	0.97	1.24	1.19
Add : Surplus	0.76	0.20	0.27	-0.05	-0.22
Closing Cash & Bank Balance	**0.76**	**0.97**	**1.24**	**1.19**	**0.97**

PROJECTED PROFITABILITY STATEMENT					**(in Lacs)**
PARTICULARS	**1st year**	**2nd year**	**3rd year**	**4th year**	**5th year**
Capacity Utilisation %	**40%**	**45%**	**50%**	**55%**	**60%**
SALES					
KNITTED LACE	64.38	78.28	91.49	105.61	121.16
Total	**64.38**	**78.28**	**91.49**	**105.61**	**121.16**
COST OF SALES					
Raw material cost	27.00	32.00	37.35	43.07	49.14
Electricity Expenses	2.30	2.76	3.32	3.98	4.78
Depreciation	1.97	1.68	1.44	1.23	1.05
Wages & labour	6.48	7.78	8.94	10.02	11.02
Repair & maintenance	1.61	1.96	2.29	2.64	3.03
Consumables	2.58	2.74	3.20	3.70	4.24
Cost of Production	41.94	48.92	56.54	64.63	73.25
Add: Opening Stock	-	1.40	1.63	1.88	2.15
Less: Closing Stock	1.40	1.63	1.88	2.15	2.44
Cost of Sales	40.55	48.68	56.28	64.36	72.96
GROSS PROFIT	**23.83**	**29.59**	**35.21**	**41.25**	**48.20**
Salary to Staff	10.86	14.12	16.94	19.99	23.39
Interest on Term Loan	1.20	1.06	0.76	0.46	0.16
Interest on working Capital	0.50	0.50	0.50	0.50	0.50
Rent	3.60	4.14	4.76	5.48	6.30
Selling & Administration Expenses	2.58	3.13	3.66	4.22	4.85
TOTAL	**18.74**	**22.95**	**26.62**	**30.65**	**35.20**
NET PROFIT	5.10	6.65	8.59	10.60	13.00
Taxation	0.15	0.47	0.88	1.36	2.11
PROFIT (After Tax)	4.95	6.17	7.71	9.24	10.90

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	6.92	7.86	9.15	10.47	11.94
Interest on Term Loan	1.20	1.06	0.76	0.46	0.16
Total	8.12	8.92	9.91	10.93	12.10
REPAYMENT					
Instalment of Term Loan	1.36	2.72	2.72	2.72	2.72
Interest on Term Loan	1.20	1.06	0.76	0.46	0.16
Total	2.56	3.77	3.48	3.18	2.88
DEBT SERVICE COVERAGE RATIO	**3.17**	**2.36**	**2.85**	**3.44**	**4.21**
AVERAGE D.S.C.R.					**3.15**

REPAYMENT SCHEDULE OF TERM LOAN							
					Interest		11.00%
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Closing Balance**
1st	Opening Balance	-					
	1st month		12.22	12.22	-	-	12.22
	2nd month	12.22	-	12.22	0.11	-	12.22
	3rd month	12.22	-	12.22	0.11	-	12.22
	4th month	12.22	-	12.22	0.11	-	12.22
	5th month	12.22	-	12.22	0.11	-	12.22
	6th month	12.22	-	12.22	0.11	-	12.22
	7th month	12.22	-	12.22	0.11	0.23	12.00
	8th month	12.00	-	12.00	0.11	0.23	11.77
	9th month	11.77	-	11.77	0.11	0.23	11.54
	10th month	11.54	-	11.54	0.11	0.23	11.32
	11th month	11.32	-	11.32	0.10	0.23	11.09
	12th month	11.09	-	11.09	0.10	0.23	10.86
					1.20	1.36	
2nd	Opening Balance						
	1st month	10.86	-	10.86	0.10	0.23	10.64
	2nd month	10.64	-	10.64	0.10	0.23	10.41
	3rd month	10.41	-	10.41	0.10	0.23	10.19
	4th month	10.19	-	10.19	0.09	0.23	9.96
	5th month	9.96	-	9.96	0.09	0.23	9.73
	6th month	9.73	-	9.73	0.09	0.23	9.51
	7th month	9.51	-	9.51	0.09	0.23	9.28
	8th month	9.28	-	9.28	0.09	0.23	9.05
	9th month	9.05	-	9.05	0.08	0.23	8.83
	10th month	8.83	-	8.83	0.08	0.23	8.60
	11th month	8.60	-	8.60	0.08	0.23	8.37
	12th month	8.37	-	8.37	0.08	0.23	8.15
					1.06	**2.72**	
3rd	Opening Balance						
	1st month	8.15	-	8.15	0.07	0.23	7.92
	2nd month	7.92	-	7.92	0.07	0.23	7.70
	3rd month	7.70	-	7.70	0.07	0.23	7.47
	4th month	7.47	-	7.47	0.07	0.23	7.24
	5th month	7.24	-	7.24	0.07	0.23	7.02
	6th month	7.02	-	7.02	0.06	0.23	6.79
	7th month	6.79	-	6.79	0.06	0.23	6.56
	8th month	6.56	-	6.56	0.06	0.23	6.34
	9th month	6.34	-	6.34	0.06	0.23	6.11
	10th month	6.11	-	6.11	0.06	0.23	5.88
	11th month	5.88	-	5.88	0.05	0.23	5.66
	12th month	5.66	-	5.66	0.05	0.23	5.43
					0.76	**2.72**	
4th	Opening Balance						

1st month	5.43	-	5.43	0.05	0.23	5.21
2nd month	5.21	-	5.21	0.05	0.23	4.98
3rd month	4.98	-	4.98	0.05	0.23	4.75
4th month	4.75	-	4.75	0.04	0.23	4.53
5th month	4.53	-	4.53	0.04	0.23	4.30
6th month	4.30	-	4.30	0.04	0.23	4.07
7th month	4.07	-	4.07	0.04	0.23	3.85
8th month	3.85	-	3.85	0.04	0.23	3.62
9th month	3.62	-	3.62	0.03	0.23	3.40
10th month	3.40	-	3.40	0.03	0.23	3.17
11th month	3.17	-	3.17	0.03	0.23	2.94
12th month	2.94	-	2.94	0.03	0.23	2.72
				0.46	**2.72**	
5th Opening Balance						
1st month	2.72	-	2.72	0.02	0.23	2.49
2nd month	2.49	-	2.49	0.02	0.23	2.26
3rd month	2.26	-	2.26	0.02	0.23	2.04
4th month	2.04	-	2.04	0.02	0.23	1.81
5th month	1.81	-	1.81	0.02	0.23	1.58
6th month	1.58	-	1.58	0.01	0.23	1.36
7th month	1.36	-	1.36	0.01	0.23	1.13
8th month	1.13	-	1.13	0.01	0.23	0.91
9th month	0.91	-	0.91	0.01	0.23	0.68
10th month	0.68	-	0.68	0.01	0.23	0.45
11th month	0.45	-	0.45	0.00	0.23	0.23
12th month	0.23	-	0.23	0.00	0.23	-
				0.16	**2.72**	

DOOR TO DOOR	60	MONTHS
MORATORIUM PERIOD	6	MONTHS
REPAYMENT PERIOD	54	MONTHS

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