

**MODEL PROJECT REPORT**  
**ON**  
**MANUFACTURE OF CHECK & FANCY SHIRTINGS.**

**Semi Auto Loom Project**  
(12 Looms)



## PROJECT AT A GLANCE

1	Name of the unit	:	M/s ABC Ltd.
2	Address of the unit (Factory & Office)	:	M/s ABC Ltd. Lahoti Compound, Kalyan Road, Bhiwandi.
3	Product	:	Check & Fancy shirtings.
4	Capacity	:	a) 2,35,000 mtrs (own production). b) 1,80,000 mtrs (on job work).
5	Power required	:	35 HP.
6	Principal Raw Material	:	Filament blended spun plain & fancy yarn.
7	Cost of the project:		
	a) Existing	:	Rs.10.30 lakh.
	b) Proposed	:	Rs. 20.61 lakh.
	<b>Total</b>	:	<b>Rs. 30.91 lakh.</b>
8	Means of Finance:		
	a) Existing Capital.	:	Rs. 10.30 lakh.
	b) Proposed Capital	:	Rs. 2.07 lakh
	c) Term loan	:	Rs. 13.39 lakh
	d) Margin money (NEF).	:	Rs. 5.15 lakh
	<b>Total</b>	:	<b>Rs. 30.91 lakh.</b>
9	Cost of production per annum.	:	Rs 47.12 lakh.
10	Annual Turnover.	:	Rs. 54.43 lakh
11	Annual Profit.	:	Rs. 7.31 lakh.
12	Break-even point	:	48.64%.
13	Debt service coverage ratio.	:	1.84.
14	Debt equity ratio.	:	1.86:1(65:35).

# **PROJECT REPORT ON MODERNISATION OF M/s ABC Ltd.**

## **1. INTRODUCTION:**

Bhiwandi is a well-known name on the textile map of the country. It has the distinction of having big concentration of cotton textiles & also man-made textile industry. Another distinction is that both the textile items are entirely in the decentralized sector. Bhiwandi believes the "small is beautiful". Various types of textile fabrics manufactured in Bhiwandi are sari shirting, dress materials etc. At present Bhiwandi produces 630 lakh mtrs grey fabrics per annum on maximum utilization of looms installed & total numbers of looms are about 4.5 lakhs. There are 100 sizing units, 20 power process houses & 20 hand process houses. The workers engaged in textile industry in this town are about 6.5 lakh. Although there are adequate number of traders in the field or raw material & cloth trading, major quantity was controlled by the traders located in Mumbai, the nearest city.

It is proposed to modernize M/s ABC Ltd., by replacing plain looms with 12 Semi-Automatic looms for manufacturing of fancy shirting. The unit is presently equipped with 24 plain looms and weaving only low value synthetic fabrics on job work. As the demand for medium quality shirting fabrics is growing and the demand for the present low quality fabric is decreasing day by day, it is proposed to replace 12 plain looms out of the existing 24 looms will be equipped with supporting equipments like Warping, Prin Winding Machines and other accessories.

## **2. BASIS & ASSUMPTIONS:**

1. The basis for the calculation of the production capacity is normally on 3- shift basis & 25 working days in a month. It is presumed that the unit may utilize its production capacity at the rate of 80% in the first year and thereafter at 90% of its capacity.
2. Non-refundable deposits, project report preparation costs etc, wherever needed may be considered under pre-operative expenses etc.

3. The rate of interest on term loan has been taken as 10% under TUFS and on working capital loan it is 15%.
4. The break-even point has been calculated on the full capacity utilization basis.
5. The cost of machinery & equipment as indicated refer to a particular type. The prices are nearer to the true value/approximate & the same may vary slightly.
6. The provisions made in other respects viz., raw materials, personnel, utilities, overheads etc., are drawn on the basis of standard operation & output ratios and the costs indicated against each are approximate and based on local market condition & observations.

### **3. GENERAL CHARACTERISTICS OF THE PROJECT:**

#### **i) Products:**

Besides the existing low value synthetic grey fabrics, the unit will directly weave fancy shirtings by procuring Filament Blended Spun plain and Fancy Yarns without any further processing. The existing 12 plain will be utilized for weaving low value fabric on job charges. Semi-Automatic looms selected can also produce fabric varieties like Dress materials, Fancy saris apart from Fancy shirtings. Typical fabric varieties, which could be produces are as under:-

**Table - 1:**

<b>Sr.No.</b>	<b>Description</b>	<b>Wrap</b>	<b>Weft</b>	<b>Reed</b>	<b>Pick</b>	<b>Grey width</b>
1	Check Shirtings	80D	84D Tex	80	84	38"
2	Fancy Stripes Shirtings	150D	84D	64	72	38"
3	Fancy Dobby Shirtings	18	18	56	52	63"

Unit is expected to handle approximately 26.60 tons of yarn valued Rs.30 lakhs per annum to produce 2.36 lakh meters fabrics valued at Rs. 51 lakhs. Besides own production, the revenue on job work would be Rs. 3,60,000 per annum.

**ii) Marketing:**

Raw material for the project is available locally at competitive prices. In and around Mumbai including Bhiwandi, there exists processing capacity of 205 lakh meters per annum by power operated process houses and 95 lakh meters per annum by hand process house in addition to regular trading activities both in Grey (loom State) and finished fabric. There is no difficulty envisaged in selling the produced fabric. As the machines are equipped with all devices for production of defect free fabrics, fabrics for export and garment manufacturing also could be produced.

The proposal for upgradation of looms is made keeping in view the demand for medium quality check & fancy shirtings and availability of raw material. M/s ABC Ltd. will be having an edge over local existing units as it proposes to install semi-automatic looms & necessary accessories.

**iii) Quality:**

The proposed unit will appoint/hire experienced weaver jobber capable of producing defect free quality fabric. The unit will invariably get its products tested in the PSC laboratory located at Bhiwandi.

**4. ENTERPRENEUR DETAILS:**

The promoter Shri XYZ is a basically weaver and running a powerloom unit with 24 plain looms. Presently he is undertaking job work of weaving low value blended fabric. As for as technical qualification is concerned , the promoter passed 12th standard but gained experience in weaving and managing his powerloom unit successfully.

Since the promoter possess creative nature & always tried to adopt new/modern techniques, he came forward to replace his plain looms with semi-automatic looms initially and made an extensive techno-economic & market survey of the product & decided to go for the proposed upgradation.

## PROJECT ECONOMICS

### 1. Fixed Assets:

#### i) Land:

Sr. No.	Details	Existing	Proposed
1	Location of the unit	Lahoti Compound, Bhiwandi	Lahoti Compound, Bhiwandi
2	Area.	3000 sq.ft.	---
3	Lease hold/Fire hold	Free hold	---
4	Value of the land (own)	4.50 lakh	---

#### ii) Building:

Sr. No.	Details	Existing	Proposed
1	Location of the unit	Lahoti Compound, Bhiwandi	Lahoti Compound, Bhiwandi
2	<b><u>Covered Area:</u></b>		-----
	<b><u>i) Ground floor:</u></b>		
	To house 12 old looms.	720 sq.ft.	
	To house 2 Pirn Winding. Machine	80 sq.ft.	
	Admn. Office	400 sq.ft.	
	Storage Space	600 sq.ft.	
	Generator	150 sq.ft.	
	Security & Toilets	50 sq.ft.	
	<b><u>ii) First Floor:</u></b>	---	
	To house 12 new looms		960 sq.ft.
	Warping & Checking		1000 sq.ft.
	<b>Total Covered Area</b>	<b>2000 sq.ft.</b>	<b>1960 sq.ft.</b>
3	Owned or leased.	Owned	Owned
4	Cost of the building		
	a. Ground floor -- 2000 sq.ft. @ Rs. 200 per sq.ft.	4,00,000	---
	b. First floor -- 1960 @ Rs. 300 per sq.ft.	--	5,88,000.

**iii) Machinery & Equipments:**

Sr. No.	Details of Machinery	Nos	Machine original/ Estimated Cost	Total Value	Date of installation
<b>a)</b>	<b>Existing Machinery:</b>				
1.	Plain Looms (English Type)	<b>12</b>	15,000	1,80,000	20 years back.
	<b>Total (a)</b>			<b>1,80,000</b>	
<b>B)</b>	<b>Proposed Machinery:</b>				
2.	U.P/ type semi-automatic looms, 4/1 U.P. with accessories, speed 140 RPM.	<b>12</b>	<b>70,000</b>	<b>8,40,000</b>	---
3.	Dobby 26 SH, climax with accessories.	12	9,000	1,08,000	----
4.	Pirn Winding, 4Spindles, Auto with accessories.	2	36,000	72,000	--
5.	Sectional Warping, High Speed Machines with accessories.	1	85,000	85,000	---
6.	Erection & Commissioning of 15 Machines	15	2,000	30,000	---
	<b>Total (b)</b>			<b>11,35,000</b>	
	<b>Grand Total (a + b)</b>			<b>13,15,000</b>	

**iv) Furniture & Fixtures:**

Particulars	Numbers	Amount
Office Chairs	6	6000
Office Tables	4	16,000
Other Office equipment	---	10,000
PC, with software & printer	1	70,000
<b>Total</b>		<b>1,02,000</b>

**v) Annual Production:**

a. Plain Looms (for job work only):

i)	Job charges for each metre of fabric production on existing 12 hours	2.00
ii)	Production of low value fabric on each plain loom per day (3 shifts)	50 mtrs.
iii)	Annual Production on 12 looms (300 working days)	1,80,000 mtrs.
iv)	Annual job charges on 12 plain looms	Rs.3,60,000/-

**b. On semi-automatic looms (for own production):**

Sr. No.	Fabric details	Mtrs/Day/ M/c 100% (Eff.& Util)	Efficiency	Utilization	Production /Mach/ day	No. of M/Cs	Prod / day	Monthly production	Annual Production
i)	Sort "A", Wrap 60, Weft- 60, EPI- 108, PPI-64, REed- 48,Width- 45	80	85%	90%	61	6	366	9150	109800
ii)	Sort "B", Warp- 30, Weft-60, EPI-84, PPI-56, Reed- 48,Width- 45.	92	85%	90%	70	6	420	10500	126000
<b>Total:</b>							786	19650	2,35,800



### III Recurring Expenditure (per month):

#### a. Warp:

Fabric/Yarn details	Wrap "A"	Wrap "B"	Total Wrap
Rate. (Rs)/Kg.	100	120	--
Wt/Mtr.	0.052097	0.08104	---
Total Weight (kg)	563	1000	1563
Cost of the Warp(in Rs).	56300	120000	176300

#### b. Weft:

Fabric/Yarn details	Weft "A"	Weft "B"	Total Weft
Rate. (Rs)/Kg.	100	120	--
Wt/Mtr.	0.030242	0.0264612	---
Total Weight (kg)	326	326	652
Cost of the Weft (in Rs).	32600	39120	71720

c. Cost of the Yarn/ month (a + b):  $1,76,3000 + 71,720 = 2,48,020$ .  
 Say: = 2,48,020

#### ii) Power:

35HP @ 450/- per HP/ month (including lighting) = Rs. 15,750/-  
 (Existing power supply is sufficient to meet the power requirement after upgradation)

#### iii) Maintenance cost per month:

Maintenance cost for 27 machines @ 100/- per month per machine = Rs. 2,700/-

#### iv) Salaries & Wages:

Sr. No.	Details of Employee	No(s)	Rate	Amount (inRs)
1.	Metha	1	3000/-	3000/-
2.	Jobber	1	4500/-	4500/-
	Weaver.			
	a. For job worker	15000	1.0 per mtr	15000/-
	b. On semi-automatic looms	19650	1.50 per mtr.	29475/-
4	Pirn winder.	2	1750	3500/-
5	Mazdoor.	2	1500	3000/-
6	Wraper	34650 mtrs.	100/beam	3465/-
7	Beam drawer	34650 mtrs	125/beam	4330/-
8	Checker	2	3000	6000/-
<b>Total</b>				<b>72270/-</b>

v) **Miscellaneous Expenditure:**

Sr. No.	Expenditure incurred	Amount
1.	Traveling Expenses	2000/-
2	Telephone charges	1000/-
3.	Transportation	2000/-
4	Lubricants & Other miscellaneous	1000/-
	<b>Total</b>	<b>6000/-</b>

vi) **Total recurring expenditure:**

Sr. No.	Item of expenditure	Monthly expenditure	Annual expenditure
1.	Raw Materials	2,48,000	29,76,000
2	Power	15,750	1,89,000
3.	Maintenance	2700	32,400
4	Salaries & Wages	72,270	8,67,240
5	Miscellaneous	6000/-	72,000
	<b>Total</b>	<b>3,44,720</b>	<b>41,63,640</b>

IV. **Working Capital Requirement:**

Sr. No.	Particulars	Period	Value
1.	Yarn cost	15 days	1,24,000
2	Work in progress	15 days	1,24,000
3.	Finished stock	1 week	1,08,075
4	Credit sales (30%)	1 week	1,29,690
5	Other expenses	1 month	96,720
6	Working capital requirement		5,82,485
			Say: 5,82,000/-
7	Working capital margin (25%)		1,45,500/-
8	Working capital loan		4,36,500/-

V. **Cost of the Project:**

Sr.No.	Particulars	Existing	Proposed	Total
1	Land	4.50	--	4.50
2	Building	4.00	5.88	9.88
3	Plant & Machinery	1.80..	11.35	13.15
4	Furniture's & Fixtures	--	1.02	1.02
5	Contingency (5% on 2, 3 above)	--	0.91	0.91
6	Working capital margin	--	1.45	1.45
	<b>Total</b>	<b>10.30</b>	<b>20.61</b>	<b>30.91</b>

VI **Means of finance:**

Sr.No.	Particulars	Existing	Proposed	Total
1	Capital	10.30	2.07	12.37
2	Term Loan @ 10% interest after TUFS)	--	13.39	13.39
3	Margin Money (NEF).	-	3.70	3.70
4	Working capital margin (under NEF)	-	1.45	1.45
6	<b>Working capital loan @ 15% interest.</b>	-	<b>4.365</b>	<b>4.365</b>

VII **Interest on Loans (per annum)**

Sr. No.	Particulars	Loan Amount	Rate of Interest	Amount (in Rs.)
1	Term loan	13,39,000	10% after TUFS benefits.	1,33,900
2	Margin Money Assistance under NEF	5,15,000	5% service charge	25,750
3	Working capital loan	4,36,500	15%	65,475
	<b>Total</b>	<b>22,90,500</b>	-	<b>2,25,125</b>

**VIII. Depreciation (per annum):**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Loan Amount</b>	<b>Rate of Interest</b>	<b>Amount (in Rs.)</b>
1	Land	4,50,000	5%	22,500
2	Building	9,88,000	10%	98,800
3	Plant & Machinery (old)	1,80,000	10%	18,000
4	Plant & Machinery (new)	11,35,000	15%	1,70,250
5	Furniture & Fixtures.	1,02,000	20%	20,400
<b>Total</b>		<b>28,55,000</b>	<b>---</b>	<b>3,29,950</b>

**IX. Insurance:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Loan Amount</b>	<b>Rate of Interest</b>	<b>Amount (in Rs.)</b>
1	Building	9,88,000	0.75%	7410
2	Plant & Machinery	11,35,000	0.75%	9862
3	Furniture & Fixtures	1,02,000	0.75%	765
4	Raw Material & Stock	2,32,000	1.00%	2320
<b>Total</b>		<b>---</b>	<b>---</b>	<b>20,357</b>

**X. Total cost of Production (per annum):**

<b>Sr. No.</b>	<b>Item of Expenditure</b>	<b>Amount (in Rs)</b>
1.	Total recurring expenditure	41,36,640.
2	Interest on loans	2,25,125.
3.	Depreciation	3,29,950.
4	Insurance	20,357.
<b>Total</b>		<b>47,12,072</b>

**XI. Annual Income:**

<b>Sr. No.</b>	<b>Production</b>	<b>Sales value @ 22/- per metre/</b>	<b>Less value loss 2 %</b>	<b>Net sales.</b>
1	2,35,800 mtrs grey fabric	51,87,600	1,03,752	50,83,848
2	Job charges covers on 12 plain looms	3,60,000	---	3,60,000

<b>Total</b>	<b>55,47,600</b>	<b>1,03,752</b>	<b>54,43,848</b>
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**XII. Profit Per Annum:**

<b>Annual Income</b>	<b>:</b>	<b>Rs. 54,43,848/-</b>
Less cost of production	<b>:</b>	47,12,072/-
<b>Total</b>	<b>:</b>	<b>7,31,776/-</b>

**XIII. Break even point (at 100% capacity utilization):**

<b>Fixed cost:</b>	
Interest.	Rs.2,2,125/-
Depreciation.	Rs.3,29,950/-
Salaries of permanent employees.	Rs. 42, 000/-
40% utilities.	Rs.75,600/-
Insurance.	Rs.20,357/-
<b>Total:</b>	<b>Rs. 6,93,032/-</b>

**Break even point** :  $\frac{\text{Fixed cost} \times 100}{\text{Fixed cost} + \text{Profit}}$   
:  $\frac{6,93,032 \times 100}{6,93,032 + 7,31,776}$   
:  $6,93,032/14,24,808 \times 100$   
: **48.64%**

**XIV Interest Schedule:**

(Rs. In 000s)

Sr. No	Particulars of loan	Preoperative period (6 months)	I	II	III	IV	V	VI
<b>1.</b>	<b>Tems loan :</b>							
	1st quarter	33.47	33.47	33.47	26.75	19.83	12.91	6.67
	2nd quarter	33.47	33.47	31.78	25.02	18.10	11.18	5.00
	3rd quarter	--	33.47	30.08	23.29	16.37	9.80.	3.32
	4 th quarter	--	33.47	28.38	21.56.	14.64	8.34	1.65
	<b>Sub Total</b>	<b>66.94</b>	<b>133.88</b>	<b>123.71</b>	<b>96.62</b>	<b>68.94</b>	<b>42.23</b>	<b>16.64</b>
<b>2.</b>	Working capital loan	16.37 (1st quarter)	65.48	65.48	65.48	65.48	65.48	65.48
<b>3.</b>	<b>Margin money assistance:</b>							
	1st quarter	6.40	6.40	5.20	3.90	2.60	1.30	--
	2nd quarter	6.40	6.15	4.85	3.55	2.30	0.95	--
	3rd quarter	--	5.85	4.55	3,55	2.30	0.65	--

	4th quarter	--	5.50	4.20	2.90	1.60	0.30	---
	Sub Total:	12.80	23.90	18.80	13.60	8.45	3.20	--
<b>4</b>	<b>Grand Total</b>	<b>96.11</b>	<b>223.26</b>	<b>207.98</b>	<b>175.70</b>	<b>142.83</b>	<b>110.93</b>	<b>82.12</b>

**XV. Loan Payment Schedule:**

<b>Sr. No.</b>	<b>Particulars of loan</b>	<b>Amount</b>	<b>Preoperative period (6 months)</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>
1.	Term loan	1339	--	--	271	267	267	267	267
2	Working capital loan	436.5	--	--	--	--	--	---	--
3.	Margin money	515	--	104	104	104	104	103	---
<b>Total</b>			<b>----</b>	<b>104</b>	<b>375</b>	<b>371</b>	<b>371</b>	<b>370</b>	<b>267</b>