

**MODEL PROJECT REPORT  
ON  
MANUFACTURE OF POLYESTER VISCOSE SUITING**

**Second hand Imported Rapier Loom Project  
(12 Looms)**

**PROJECT REPORT ON MODERNISATION OF DECENTRALISED  
POWERLOOM SECTOR WITH SECOND HAND RAPIER LOOMS FOR  
MANUFACTURING SUITING VARIETIES**

**A) INTRODUCTION:**

This is the Project Report prepared for units set up at Burhanpur. Accordingly, costs and marketing strategies are based on the perceived conditions at Burhanpur. It has also been assured that the unit will be set up by existing Powerloom Entrepreneur and same will avail the benefits of TUF Scheme of Government of India.

**B) PROJECT PROFILE:**

**i) Production Profile**

This project proposes to set up a unit consisting of 12 Nos Second hand imported Rapier looms and other accessories but without warping, Sizing and Processing machinery. The unit will purchase spun yarns and convert the warp yarn to Beam form on job work basis. Accordingly, the unit produces grey suitings and sent to processing on job work and finished Suitings are sold in the market directly (Sole selling dealership). The specifications of the fabrics quality is given in the project profile. However, the machines can produce dress materials and shirtings also. The unit is expected to produce 9,89,100 meters of fabric valued at Rs.613.24 lakhs.

**ii) Market Profile:**

Raw materials required for the project is available locally, Burhanpur has nearly 30,000 powerlooms and regular trading activity both in Grey and finished fabrics. There is no difficulty envisaged in selling the produced fabrics. All the machines are equipped with all the devices for production of defect less fabrics. Fabrics for local and garment manufacturing also could be produced.

**iii) Financial Project Profile:**

Total project cost including Preliminary & Pre-operative expenses is expected to be Rs.122,93 lakh. The project is expected to generate net profit of Rs.82.40 lakh under 90% capacity utilization. It is felt that under normal working conditions repayments should not be difficult. Details of anticipated working are given in the Project report.

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**PROJECT PROFILE FOR A UNIT OF 12 IMPORTED SECOND HAND  
RAPIER LOOMS ON OWN PRODUCTION**

**1. PROJECT COST ESTIMATES**

(Rs.lakh)

<b>1.1</b>	<b>Land and Site Development</b>			
	Land	4000 x 80	3,20,000	
	Fencing	4000 x 20	80,000	4,00,000
<b>1.2</b>	<b>Building</b>	3500 x 200	7,00,000	7,00,000
<b>1.3</b>	<b>Plant &amp; Machinery</b>			
	12 Rapier looms @ 8,00,000		96,00,000	
	Import duty @ 10%		9,60,000	
	Humidifiers 2 x @ 25,000		50,000	
	Folding Machines @ 25,000		50,000	06,60,000
<b>1.4</b>	<b>Preliminary &amp; Pre-operative expenses @ 5%</b>			5,33,000
			<b>Total</b>	<b>22,93,000</b>

**2. MEANS OF FINANCE:**

(Under TUFs)		
Term Loan	66.66%	81,95,333
Promoters Contribution	33.34%	10,97,666
Debit Equity Ratio	<b>2:1</b>	

**3. EXPENDITURES:**

**3.1 Power Cost**

	<b>HP</b>	<b>No.</b>	<b>Total HP</b>
Rapier Looms	6.5	12	78
Humidifiers	0.5	2	1
Lighting & Fans	1		1
<b>Total</b>			<b>80</b>
Power Tariff @ Rs.4.5			
Power cost per Annum Rs.		4,61,825	

**3.2 Salaries & Wages**

	<b>No</b>	<b>Rs./month</b>	<b>Rs./annum</b>
<b>Jobber / Fitter</b>	1	5000	60,000
<b>Weaver</b>	6	3000	2,16,000
<b>Supervisor/Clerk</b>	1	4000	48,000
<b>Beam Drawer</b>	2	2500	6000
<b>Inspection / Mender</b>	2	2500	60,000
<b>Sweeper</b>	1	2000	24,000
		<b>Total</b>	<b>4,68,000</b>

### 3.3 Maintenance Cost

Maintenance cost per shift per loom	50
No.of looms	12
No. of Working Days/annum	350
No.of shifts per annum	1050
Maintenance cost per annum	6,30,000

### 3.4 Miscellaneous Expenses

**Rs. 2,40,000**

### 3.5 Section Warping

Conversion charges	Rs./kg.	2.75
Quantity of warp yarn	Kg.	1,53,249
Section Warping Charges	Rs.	4,21,434

### 3.6 Processing Charges

Processing charges	Rs./kg.	
Production per annum	Mtrs.	9,89,100
Section Warping Charges	Rs.	79,12,800

### 4. INTEREST ON TERM LOAN (Under TUFs 12% -5%=7%)

Term loan	Rs.81,95,333
% of Interest	7
Interest on term loan per annum	Rs.5,73,673

### 5. PRODUCTION DETAILS

Suiting P/V 70/30	
Warp Count	2/20
Weft Count	2/20
Ends per inch	44
Picks per inch	44
Width in inches	58

### 6. PRODUCTION DETAILS

Speed RPM	350
Picks per inch	44
Working Hrs/Day	24
Working days/annum	350
Efficiency	90
Utilisation	90
No.of machines	12
Production per machine/Day Mt	235.5

Production per annum	9,89,100
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## 7. Raw material Requirement

Kgs.		
Warp	1,50,244	
Waste 2%	3,004	1,53,249
Weft	1,50,244	
Waste 4%	6,009	1,56,253
	Total	3,09,502

Price of Yarn @ Rs.120	
Raw material cost	Rs. 3,71,40,240

## 8. Depreciation

Value of Machines	Rs. 1,06,60,000
Depreciation @ 10%	10,66,000

9. Value loss @ 2% Rs. 2,26,484

10. Packing Charges 2,47,275

11. Selling Expenses @ 2% 12,26,484

## 12. Income per Annum

Production per annum mt 9,89,100

Selling Price Rs./mt 62

Income by sales Rs. 6,13,24,200

13. Insurance for Machineries Rs. 79,950  
0.75%

## 14. EXPENDITURE STATEMENT

Rs.Lac.

Year	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
R/M	371.41	371.41	371.4	371.41	371.41	371.41	371.41	371.41	371.41	371.41
Sal&Wages	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68
Power cost	14.61	14.61	14.61	14.61	14.61	14.61	14.61	14.61	14.61	14.61
Maint,ce	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Misc.	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Warping	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21
Processing	79.12	79.12	79.12	79.12	79.12	79.12	79.12	79.12	79.12	79.12
Int.term loan	5.73	5.73	5.73	5.01	4.3	3.58	2.86	2.15	1.43	0.71
Depreciation	10.66	10.66	10.66	10.66	10.66	10.66	10.66	10.66	10.66	10.66
Int,wr/capit	14.56	14.56	14.56	14.56	14.56	14.56	14.56	14.56	14.56	14.56
Value loss	12.26	12.26	12.26	12.26	12.26	12.26	12.26	12.26	12.26	12.26
Packing	2.47	2.47	2.47	2.47	2.47	2.47	2.47	2.47	2.47	2.47
Selling	12.26	12.26	12.26	12.26	12.26	12.26	12.26	12.26	12.26	12.26
Insurance	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79
TOTAL	541.46	541.46	541.4	540.74	540.03	539.31	538.59	537.88	537.16	536.44

## 15. Profit Statement

Rs.lac

Year	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Income	613.24	613.24	613.24	613.24	613.24	613.24	613.24	613.24	613.24	613.24
Expenditure	541.46	541.46	541.46	540.74	540.03	539.31	538.59	537.88	537.16	536.44
Profit	71.74	71.74	71.74	72.5	73.21	73.93	74.65	75.36	76.08	76.8
Before Tax										
Profit	71.74	71.74	71.74	72.5	73.21	73.93	74.65	75.36	76.08	76.8
After tax										
Depreciation	10.66	10.66	10.66	10.66	10.66	10.66	10.66	10.66	10.66	10.66
Cash Profit	82.4	82.4	82.4	83.16	83.87	84.59	85.31	86.02	86.74	87.46

## 16. WORKING CAPITAL – REQUIREMENT & SOURCE

Requirement	Duration	Qty	Unit Price Total		Norms of bank Asst	Amount of bank Asst	Own money (margin)
Raw material	1 month	25,791 kgs	120	30,94,920	70%	1,66,444	9,28,476
Goods in process	15 days	12,895 kgs	120	15,47,460	75%	1,60,595	3,86,865
Finished goods	15 days	41,212 Mtr	68	28,02,416	75%	1,01,812	7,00,604
Account receivable	45 days	1,21,944 Mtr	68	82,92,192	60%	9,75,315	33,16,876
Wages & Salaries	1 month	-	-	39,000	Nil	Nil	39,000
Wages & Salaries	1 month	-	-	39,000	Nil	Nil	39,000
Power cost	1 month	-	-	1,04,416	Nil	Nil	1,04,416
Maintenance cost	1 month	-	-	52,500	Nil	Nil	52,500
				1,59,32,904		1,04,04,066	55,28,737
Working Capital Requirement						1,04,04,066	
Interest on Working Capital @ 14%						14,56,569	

## 17. DEBIT SERVICE COVERAGE RATIO

Year	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Profit	82.4	82.4	82.4	83.16	83.87	84.59	85.31	86.02	86.24	87.46
Int on	5.73	5.73	5.73	5.01	4.3	3.58	2.86	2.15	1.43	0.71
Term loan										
Installments	Nil	Nil	10.24	10.24	10.24	10.24	10.24	10.24	10.24	10.24
DSCR	15.72	15.72	5.51	5.78	6.06	6.37	6.73	7.11	7.55	8.05

Two years Moratorium & 8 years term loan repayment under TUF Scheme

## 17. BREAK EVEN ANALYSIS

18.1

	Rs.lakh
Variable cost	
Raw material consumption	371.4
Packing charges	2.47
Wages & Salaries	2.34
Selling expenses	12.26
Interest on working capital	14.56
Value loss	12.26
Power cost	14.61
Additional Process (Warping & Processing	83.33
<b>TOTAL</b>	<b>512.83</b>

18.2

### Fixed Cost

Rs.lakh

Wages & Salaries	2.34
Repairs & Maintenance	6.3
Insurance	0.79
Other administrative expenses	2.4
Depreciation	10.66
Interest on Term loan	5.73
<b>Total</b>	<b>28.22</b>
Income by sales	613.24
Breakeven point	28.1

## 18. Bank Loan Repayment Schedule

Interest @ 12% - 5% = 7% (TUFS)

Year	Opening Balance	Interest	Principal Pay	Total	Closing Balance
1.	81.95	5.73	nil	nil	81.95
2.	81.95	5.73	nil	nil	81.95
3.	81.95	5.73	10.24	15.73	71.71
4.	71.71	5.01	10.24	15.25	61.47
5.	61.47	4.3	10.24	14.54	51.23
6.	51.23	3.58	10.24	13.82	40.99
7.	40.99	2.86	10.24	13.1	30.75
8.	30.75	2.15	10.24	12.39	20.51
9.	20.51	1.43	10.24	11.67	10.27
10.	10.27	0.71	10.24	10.95	Nil

Two years moratorium & 8 yrs Term Loan repayment under TUF Scheme.



**20. EXPENDITURES & PROFIT PER MTR**

Expenditures	Rs. Lakh	Rs/Mtr	(%)
Raw material	371.4	37.54	68.11
Salaries & Wages	4.68	0.47	0.85
Power	14.61	1.47	2.7
Maintenance	6.3	0.63	1.14
Miscellaneous	2.4	0.24	0.43
Warping	4.21	0.42	0.8
Processing	79.12	8	14.58
Interest on Term Loan	5.73	0.57	1.9
Depreciation	10.66	1.07	1.94
Interest on Working capital	14.56	1.47	2.3
Value loss	12.26	1.24	2.3
Packing	2.47	0.25	0.5
Selling	12.26	1.24	2.3
Insurance	0.79	0.08	0.15
Total	541.45	54.69	100
Selling price @ Rs.		62	
Profit per mt		7.31	
Depreciation (Non cash expenditure)	10.66	1.07	
Net profit		8.38	