

**MODEL PROJECT REPORT  
ON  
MANUFACTURE OF POLYESTER COTTON SHIRTING**

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

# **MODEL PROJECT REPORT FOR A UNIT HAVING 12 SEMI AUTOMATIC LOOMS FOR MANUFACTURING COTTON SHIRTING ON JOB WORK BASIS**

## **A) INTRODUCTION:**

This is the Project Report prepared for the units set up a Burhanpur. Accordingly, costs and marketing strategies are based on the perceived conditions at Burhanpur. It has also been assured that existing Powerloom Entrepreneur will set up the unit 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 Semi-automatic looms alongwith with Pirn Winding machine but without warping and Sizing machines. The unit will get beams and weave it into Shirting Varieties. The specifications of the fabric quality is given in the project profile. The unit is expected to produce 2,03,472 metres of fabric valued at Rs.8.13 lakh.

### **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. All the machines are equipped with all the devices for production of defect less fabrics.

### **iii) Financial Project Profile:**

Total project cost including Preliminary & Pre-operative expenses is expected to be Rs.9.43 lakh. The project is expected to generate net profit of Rs.2.17 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.

## **C) PROJECT ESTIMATIONS:**

1. Cost of the Project		Rs.
Land & Building		Available
Plant & Machineries		
#Basic price including Taxes		8,40,000
Rs.70,000 x 12 Nos.Semi-automatic looms		
# Pirn Winding (12 Spindles)		18,000
Preliminary & Pre-operative expenses @ 10%		85,000
	<b>Total:</b>	<b>9,43,000</b>
2. Means of Finance		
Term Loan	66.66%	6,28,666
Promoters contribution	33.34%	3,14,334
	<b>Total:</b>	<b>9,43,000</b>

**Debit Equity Ratio : 2:1**

D) **CAPACITY UTILISATION:**

Since the unit is under decentralized powerloom sector, the capacity utilization will be 90% from the date of installation.

E) **LOOM PROGRAMME:**

1. Product details	
Count of Warp	40 Ne
Count of Weft	40 Ne
Ends / inch	80
Picks / inch	72
Width Inches	60
2. Production details	165
Speed RPM	22.5
Working Hrs/day	300
Efficiency %	80
Capacity Utilisation %	90
No.of looms	12
Production / Annum in mtrs	2,03,472

F) **SALES REALISATION**

1. Income per Annum	
On jobwork	
Conversion charges per mtr.	Rs. 4/-
Production per annum metr	2,03,472/-
Income per annum	Rs.8,13,888/-

G) **OPERATING COST DETAILS / EXPENDITURES:**

1. Salaries & Wages	No.	Rs./month	Rs./Annum
Jobber / Fitter	1	4,500	48,000
Weavers (2 shirts)	6	2,500	1,80,000
Pirn Winding	1	2,000	24,000
Inspection	1	2,000	24,000
Supervision/Clerk	1	3,000	36,000
Beam drawing Rs.75/Beam			13,000
		<b>Total</b>	<b>3,25,000</b>
2. Power Cost			
1 HP/ loom x 12 looms			12
Pirn winding 1 Hp			1
Lighting & fan			2
Total HP			15
Power Tariff/Unit		Rs. 4.50	
Power cost per annum			Rs. 1,95,517

3. Maintenance Cost	14,400
Maintenance Cost of looms @ 100/- per annum	12,000
Miscellaneous expenses	Total 26,400
4. Interest on Term Loan	
12 – 5% = 7% 5% interest subsidy under TUFS	
Term loan	Rs. 6,28,666
Interest on term loan	Rs. 44,006

## H) FINANCIAL PROJECTIONS

### 1. Estimates of cost production

Year	1.	2.	3.	4.	5.	6.	7.	8.	9.
Expenditure									
Wages	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Maintenance	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26
Interest	0.44	0.44	0.44	0.38	0.33	0.27	0.22	0.16	
Insurance	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Depreciation	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Power cost	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95
<b>Total</b>	<b>6.81</b>	<b>6.81</b>	<b>6.81</b>	<b>6.75</b>	<b>6.7</b>	<b>6.64</b>	<b>6.59</b>	<b>6.53</b>	<b>6.42</b>

### 2. Bank Loan Repayment Schedule

Year	Opening Balance	Interest	Principle Pay	Total	Closing Balance
	6.28	0.44	-	-	6.28
	6.28	0.44	-	-	6.28
	6.28	0.44	0.78	1.22	5.5
	5.5	0.38	0.78	1.17	4.71
	4.71	0.33	0.78	1.11	3.92
	3.92	0.27	0.78	1.06	3.14
	3.14	0.22	0.78	1	2.35
	2.35	0.16	0.78	0.95	1.57
	1.57	0.11	0.78	0.89	0.78
	0.78	0.05	0.78	0.84	Nil

Two years moratorium and Eight years Term loan repayment under TUFS.

### 3. Profit Statement

Year	1.	2.	3.	4.	5.	6.	7.	8.	9.
Income	8.13	8.13	8.13	8.13	8.13	8.13	8.13	8.13	8.13
Expenditures	6.81	6.81	6.81	6.75	6.7	6.64	6.59	6.53	6.42
Profit before Tax	1.32	1.32	1.32	1.38	1.43	1.49	1.54	1.6	1.71
Profit before Tax	1.32	1.32	1.32	1.38	1.43	1.49	1.54	1.6	1.71
Depreciation	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Cash Profit	2.17	2.17	2.17	2.23	2.28	2.34	2.39	2.45	2.56

### 4. Debit Service Coverage Ratio (DSCR)

Year	1.	2.	3.	4.	5.	6.	7.	8.	9.
<b>Cash Profit</b>	2.17	2.17	2.17	2.23	2.28	2.34	2.39	2.45	2.56
<b>Interest on Term loan</b>	0.44	0.44	0.44	0.38	0.33	0.27	0.22	.16	0.05
<b>Instalment</b>	Nil	Nil	0.78	0.78	0.78	0.78	0.78	0.78	0.78
<b>DSCR</b>	4.93	4.93	2.13	2.25	2.35	2.48	2.39	2.6	3.14

### 5. Breakeven analysis

		Rs.In lac
Variable cost		1.95
Power cost		1.62
Wages & Salaries	50%	
Maintenance cost		0.26
	<b>Total</b>	<b>3.83</b>
Fixed cost		
Wages & Salaries	50%	1.62
Interest on term loan		0.44
Depreciation		0.85
	<b>Total</b>	<b>2.91</b>
Income per annum		8.13

\*\*\*\*\*