

PROJECT REPORT

Of

SILKSAREE WEAVING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Silk Saree Weaving 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 A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxx
- 3 Father / Spouse Name : xxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxx State: xxxxxxxx
- Mobile xxxxxx
- 5 Product and By Product : **BANARSI SILK SAREE**
- 6 Name of the project / business activity proposed : **SILK SAREE WEAVING UNIT**
- 7 Cost of Project : Rs.12 Lakhs
- 8 Means of Finance
- Term Loan Rs.6.3 Lakhs
 - Own Capital Rs.1.2 Lakhs
 - Working Capital Rs.4.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.91
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 53%
- 13 Employment : 13 Persons
- 14 Power Requirement : 10.00 HP
- 15 Major Raw materials : Thread, Silk Yarn, Brown rectangle sheet, Graph Paper, Nail Paint, Dye Colors, Measuring scale, Punch cards, Rubber Bands
- 16 Estimated Annual Sales Turnover (Max Capacity) : 83.50 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount	
	Own/Rented	
Land (2000 sqft.)		
Plant & Machinery		5.50
Furniture & Fixtures		1.50
Working Capital		5.00
Total		12.00

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.20
Working Capital(Finance)	4.50
Term Loan	6.30
Total	12.00

SILK SAREE WEAVING UNIT



2. Introduction:

With regards to the name of the sacred city of Varanasi, the exquisite Banarsi silk sari is an image of glory and honorability. The sarees are among the best sarees in India and are known for their gold and silver brocade or zari, fine silk and extravagant weaving. The sarees are made of finely woven silk and are finished with mind boggling plan. The unique qualities of these sarees are their Mughal roused plans, for example, complex interlacing flower and foliate

motifs. It is additionally known for its gold work, reduced weaving, figures with little subtleties, metallic enhanced visualizations, pallus, jal (a net like example), and mina work. Varanasi silk is in incredible interest and is utilized in home decorations, silk texture and other utility items. Varanasi is the remarkable midpoint of fine and delicate surfaces of textures. Brocade is likewise portrayed in Ramayana and Mahabharata. Different assortments of silk were fabricated in the Mauryan time frame. Varanasi is acclaimed as a rumored focus of (Kasikuttama and Kasia) materials in the Pali writing. Banaras is one of the rich weaving make focuses of India, celebrated for Brocade Saris and dress material. One exceptional and complicated silk brocades and sarees of Banaras has put it world on the map. Among the various assortments of sarees delivered in the focuses, some elite assortments of the sarees are Jangla, Tanchoi, Vaskat, Cutwork, Tissue and Butidar which are made of silk twist and silk weft, on plain/glossy silk ground base, brocaded with additional weft designs in various formats presenting Buties, Bells, Creepers, Buttas in ground, line and anchal for getting charming appearance. With the change in time and consumer preference, the weavers of the cluster are also undertaking changes in the design and pattern of the product along with product diversification.

3. Market Potential:

Varanasi is the rich weaving craft centre of Uttar Pradesh. Silk yarn is the essential component of brocade weaving. Raw silk is the main texture secured or imported from Malda, China, Japan, Bokhara or Central Asia. Asia-Pacific is the primary crude silk maker, making it a district with helpful admittance to crude materials. Silk is utilized essentially in the piece of clothing industry. The utilization of silk has been empowered by expanded interest from the textile industry.

Innovative advances in the sericulture area are projected to push the silk market forward. In the article of clothing industry, mulberry silk is essentially utilized. From 2016 to 2021, the worldwide silk market is required to hit USD 16.94 billion of every 2021, at a CAGR of 7.8 percent. Varanasi is the rich weaving make focus of Uttar Pradesh. Silk yarn is the fundamental component of brocade weaving. Crude silk is the main texture obtained or imported from Malda, China, Japan, Bokhara or Central Asia. Silk goes through a few cycles.

4. Product Description:

4.1. Product Uses: The Banarasi saree tracks or is energized by the Mughal plans. The Banarasi sarees appeared over the span of the Mughal times when Muslim craftsmans and specialists picked Banaras as the residence that brought together well with their way of life and began weaving silk Banarasi sarees.

4.2. Raw Material: Major raw material are mentioned below:

- Gold and silver thread (Zari)
- Silk yarn
- Brown Rectangle Sheet
- Graph Paper- These are used to draw designs and become reference to punch the cards.
- Nail Paint- Helps to mark on the jacquard punch plate.
- Dye Colors- Colors which are used to dye the yarns.
- Measuring Scale- It is used to mark the inches on the brown sheet before starting to punch.
- Punch Cards- The cards are perforated to create the designs.

- Rubber Bands- Thick rubber bands are used to tie to carry out the tie and die process.

Average raw material cost per Banarsi Silk Saree: Rs. 800-880 (Approx.)

4.3. Manufacturing Process: The weaving of these Banarasi saris is seen at Banaras and at present, surmised 40,000 dynamic weavers are found alongside them are dynamic vendors, dyers, architects and valuable help suppliers. Prior to the weaving, the silk yarn goes through couple of steps and afterward the weaving starts. The Jacquard card, spools and bar is set up with reasonable shading yarns and weaving is finished.

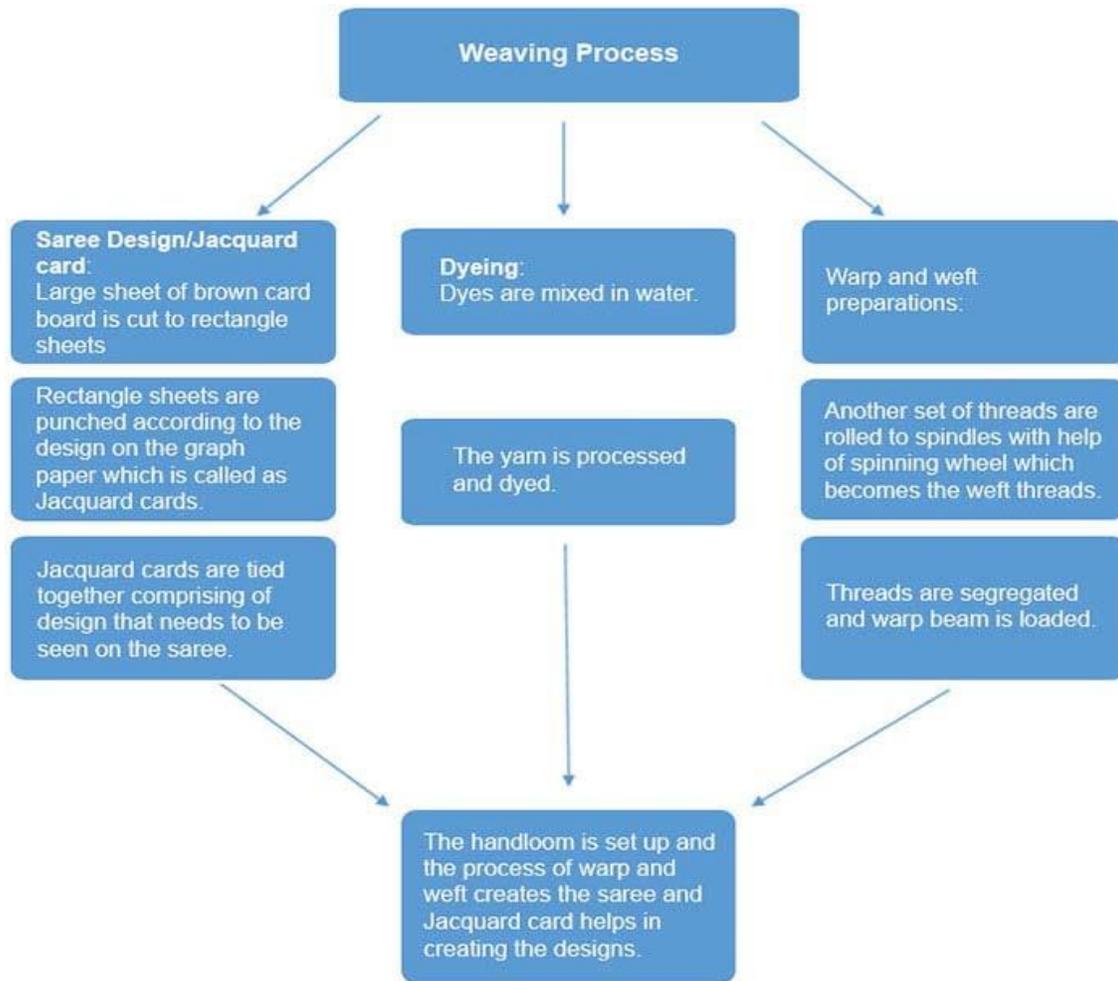
➤ Jacquard cards – Saree designs-

- The wanted plan that will be worked on the saree is drawn on a sheet of chart paper. The plans some of the time are hand drawn or generally done in pixel counts and imprinted on the diagram sheet. This diagram sheet turns into the reference to punch the cards.
- They are made to a bunch of cards that will be integrated and stacked to the jacquard machine. An enormous earthy colored sheet is cut into little square shape sheets of tallness 3inches and width of 12inches rough.
- Then these cards are punched following the chart sheet that will have the ideal plans. When these cards are punched they are integrated. The Jacquard cards are finished to be stacked to the jacquard machine.

➤ The yarns- The silk yarns are processed dyed and are available ready in bundles in the markets. The weavers get the suitable silk threads. The raw silk yarns are processed they are dyed with suitable colors. The weaving is done and later the dyeing process is carried on. It follows something that of a tie and dye process. The yarn after the initial stages of processing and dyeing

it is segregated to undergo warping and weft processes. The threads are spun to spools with the help of spinning wheel to prepare the spools to load to the fly shuttle, the threads that fill up through fly shuttle is called weft. The warp threads are got ready by spreading them lengthwise creating pulls and are rolled to beam which is later fixed to the loom.

- The Weaving- The loom is set up with the strings and the way toward weaving is started before which the jacquard cards are fixed to the jacquard machine and following the cards the strings are pulled and the ideal plan and the saree is weaved.
- In weaving twist, experts assemble the base that runs of the necessary length. When the punched cards are readied those are spun with modified strings and tones on the loom permitting to plan and are rowed in an organized way that the primary weaving gets right tone and example to deliver the plan and weave also.
- The designing of graph paper is done in the same calculations. For every inch of saree that is going to be weaved, design is done accordingly, inch wise. If the designs are symmetrical then only half of that design is drawn and the rest of the design is traced. Sometimes there are additional set of threads merged into the weft between the regular weft threads to bring up the attractive design supplementary to the elementary weave.



5. Project Components:

5.1. Land: The mechanical arrangement requires space for karkhana. Likewise a portion of the zone of building is needed for office staff offices, documentation, office furniture, and so forth In this way, the inexact all out region needed for complete limited scope production line arrangement is 1500-2000Sq. ft. roughly.

5.2. Civil Work: This business is normally overseen from home where there is a different space in the actual house for the business related movement which is called KARKHANA.

- Workshop Area- This zone incorporates the hardware arrangement and establishment space for all supplies, work floor zone, and vital tooling, sewing and cleaning. Complete workshop zone is approx. 1000Sqft.
- Inventory Area- This zone incorporates the extra room for all the crude materials, tooling and pass on extra room and completed merchandise. Absolute stock territory is approx. 200-400Sqft.
- Office Area – This space incorporates staff working locale, their convenience space, bottle zone, clinical office and so on Absolute workshop zone is approx. 400Sqft. This might be considered over the ground floor.
- Parking Space, Electricity Utensils Mounting Space, and Others. This could be approx. 200Sqft.

Land and building requirement may vary depending on the size of project.

5.3. Machinery & Equipments: The machinery used for weaving silk sarees are-

Jacquard Machine	Used to holds the punch cards.	
Handloom	The loom helps to weave the saree.	

Warping Machine	Helps to roll the yarn of required length to a warp beam.	
Manual Paper Cutter Machine	It helps to cut the sheets to required lengths	
Weaving Tools	Some weaving tools such as containers, spindle, and spinning wheel are also used.	
Equipments & hand tools	Equipments like pump, bins and hand tools like punch tools, hammers are also used.	

Average Machinery and Tools cost will be Rs. 5.50 Lakh (Approx.) exclusive of GST & installation cost.

5.4. Miscellaneous Assets:

- ✓ Water Supply Arrangements
- ✓ Furniture

5.5. Power Requirement: The Power requirement would be 10 Hp.

5.6. Man Power Requirement: Following manpower is required:

- Weavers-4
- Skilled/Unskilled Worker-3
- Helper-4
- 2 Skilled worker including Sales Personal and Accountant.

6.

**FINANCIAL
ASPECTS**

PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	53.01	62.04	68.84	75.98	83.50
Total (A)	53.01	62.04	68.84	75.98	83.50
B) COST OF SALES					
Raw Material Consumed	28.80	31.82	34.94	38.21	41.57
Electricity Expenses	1.34	1.45	1.57	1.68	1.79
Repair & Maintenance	1.06	1.24	1.38	1.52	1.67
Labour & Wages	15.75	17.01	18.71	20.21	21.82
Depreciation	0.98	0.84	0.72	0.62	0.53
Cost of Production	47.93	52.37	57.32	62.23	67.38
Add: Opening Stock /WIP	-	2.79	3.11	3.45	3.81
Less: Closing Stock /WIP	2.79	3.11	3.45	3.81	4.19
Cost of Sales (B)	45.14	52.04	56.98	61.87	67.01
C) GROSS PROFIT (A-B)	7.87	10.00	11.87	14.11	16.49
	14.85%	16.12%	17.24%	18.57%	19.75%
D) Bank Interest i) (Term Loan)	0.68	0.56	0.40	0.25	0.10
ii) Interest On Working Capital	0.50	0.50	0.50	0.50	0.50
E) Salary to Staff	4.79	5.36	5.90	6.49	7.01
F) Selling & Adm Exp.	0.80	1.24	1.38	1.52	1.67
TOTAL (D+E+F)	6.76	7.66	8.17	8.75	9.27
H) NET PROFIT	1.11	2.35	3.69	5.35	7.22
	2.1%	3.8%	5.4%	7.0%	8.7%
I) Taxation	-	-	-	0.54	0.72
J) PROFIT (After Tax)	1.11	2.35	3.69	4.82	6.50

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	1.20	-			
Reserve & Surplus	1.11	2.35	3.69	5.35	7.22
Depreciation & Exp. W/off	0.98	0.84	0.72	0.62	0.53
Increase In Cash Credit	4.50				
Increase In Term Loan	6.30	-	-	-	-
Increase in Creditors	0.96	0.10	0.10	0.11	0.11
TOTAL :	15.05	3.28	4.51	6.08	7.86
APPLICATION OF FUND					
Increase in Fixed Assets	7.00	-	-	-	-
Increase in Stock	4.23	0.48	0.50	0.52	0.54
Increase in Debtors	1.77	0.30	0.23	0.24	0.25
Repayment of Term Loan	0.70	1.40	1.40	1.40	1.40
Taxation	-	-	-	0.54	0.72
Drawings	0.20	1.00	2.00	3.00	4.50
TOTAL :	13.90	3.18	4.12	5.69	7.42
Opening Cash & Bank Balance	-	1.15	1.25	1.65	2.03
Add : Surplus	1.15	0.11	0.39	0.38	0.45
Closing Cash & Bank Balance	1.15	1.25	1.65	2.03	2.48

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	6.30	6.30	0.17	-	6.30
	IInd Quarter	6.30	-	6.30	0.17	-	6.30
	IIIRD Quarter	6.30	-	6.30	0.17	0.35	5.95
	Ivth Quarter	5.95	-	5.95	0.16	0.35	5.60
					0.68	0.70	
II	Opening Balance						
	Ist Quarter	5.60	-	5.60	0.15	0.35	5.25
	IInd Quarter	5.25	-	5.25	0.14	0.35	4.90
	IIIRD Quarter	4.90	-	4.90	0.13	0.35	4.55
	Ivth Quarter	4.55		4.55	0.13	0.35	4.20
					0.56	1.40	
III	Opening Balance						
	Ist Quarter	4.20	-	4.20	0.12	0.35	3.85
	IInd Quarter	3.85	-	3.85	0.11	0.35	3.50
	IIIRD Quarter	3.50	-	3.50	0.10	0.35	3.15
	Ivth Quarter	3.15		3.15	0.09	0.35	2.80
					0.40	1.40	
IV	Opening Balance						
	Ist Quarter	2.80	-	2.80	0.08	0.35	2.45
	IInd Quarter	2.45	-	2.45	0.07	0.35	2.10
	IIIRD Quarter	2.10	-	2.10	0.06	0.35	1.75
	Ivth Quarter	1.75		1.75	0.05	0.35	1.40
					0.25	1.40	
V	Opening Balance						
	Ist Quarter	1.40	-	1.40	0.04	0.35	1.05
	IInd Quarter	1.05	-	1.05	0.03	0.35	0.70
	IIIRD Quarter	0.70	-	0.70	0.02	0.35	0.35
	Ivth Quarter	0.35		0.35	0.01	0.35	0.00
					0.10	1.40	
<p>Door to Door Period 60 Months</p> <p>Moratorium Period 6 Months</p> <p>Repayment Period 54 Months</p>							

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.79	3.11	3.45	3.81	4.19
Raw Material					
(15 Days requirement)	1.44	1.59	1.75	1.91	2.08
Closing Stock	4.23	4.71	5.20	5.72	6.27

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.23		
Less:			
Sundry Creditors	0.96		
Paid Stock	3.27	0.33	2.94
Sundry Debtors	1.77	0.18	1.59
Working Capital Requirement			4.53
Margin			0.50
MPBF			4.53
Working Capital Demand			4.50

CALCULATION OF D.S.C.R					
PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	2.09	3.18	4.41	5.43	7.03
Interest on Term Loan	0.68	0.56	0.40	0.25	0.10
Total	2.77	3.74	4.81	5.68	7.13
REPAYMENT					
Repayment of Term Loan	0.70	1.40	1.40	1.40	1.40
Interest on Term Loan	0.68	0.56	0.40	0.25	0.10
Total	1.38	1.96	1.80	1.65	1.50
DEBT SERVICE COVERAGE RATIO	2.00	1.91	2.67	3.44	4.76
AVERAGE D.S.C.R.			2.91		

Assumptions:

1. Production Capacity of a Silk Saree Weaving unit is taken at 20 Pcs 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 15-15 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 10 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 3% respectively in the subsequent years.

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