

PROJECT REPORT ON SOLAR CHARKHA SPINNING, WEAVING, PROCESSING AND GARMENTS

PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME



**Khadi & Village Industries Commission
Ministry of MSME, Govt. of India,
Mumbai**

KHADI & VILLAGE INDUSTRIES COMMISSION
PROJECT AT A GLANCE - TOP SHEET

1	Name of the Entrepreneur	
2	Constitution (legal Status)	Individual
3	Father's/Spouse's Name	
4	Unit Address :	Taluka/Block: District : Pin: State: Phone : E-Mail :
5	Product and By Product	SOLAR CHARKHA SPINNING, WEAVING, PROCESSING & GARMENTS MANUFACTURING UNIT
6	Cost of Project :	Rs. 24,87,694
7	Means of Finance	
	Term Loan	Rs. 22,38,925.00
	KVIC Margin Money	Rs. 6,21,924.00
	Own Capital	Rs. 248769.00
8	Debt Service Coverage Ratio :	2.39
9	Pay Back Period :	5Years
10	Project Implementation Period :	12Months
11	Break Even Point :	47.66%
12	Employment :	47
13	Power Requirement :	1 KW
14	Major Raw materials :	Sliver/Roving
15	Estimated Annual Sales Turnover :	Rs.8000000.00

DETAILED PROJECT REPORT

1 INTRODUCTION :

The overall objective of the Khadi and Village Industries Commission (KVIC) is to provide employment opportunities to spinners /weavers/artisans/individuals/entrepreneurs with remunerative wages through Khadi & V.I. activities.

KVIC is implementing Khadi programme through the certified Khadi Institutions of KVIC. At present there are over 2300 Khadi institutions registered under Societies Registration Act, Trust Act, Co-operative Societies Act etc. are implementing Khadi programme throughout the country. In order to extend requisite fillip and to help the sector to emerge as most potent employment provider, KVIC has decided to introduce solar power charkha for production of solar spun yarn through the willing khadi institutions and also entrepreneurs. The yarn produced in this solar powered charkha will be used to convert into cloth using handlooms available with the weavers and wherever possible by introducing new looms to weavers.

Looking to the low cost technology, production of yarn through solar charkha activities can easily be undertaken in the rural areas by the Khadi institutions and entrepreneurs. Training for a week on solar charkha will assist the hand spinners to operate the solar charkha at their dwelling place itself.

Production Process

The project captioned "Production of Solar Charkha cloth" envisages deployment of 25 solar power operated charkhas and 10 looms (5 new and 5 old) to one composite unit. The Khadi institutions already possesses infrastructure for production of Khadi using hand spinning and hand weaving process and arrangement for processing the grey cloth.

The raw material supply for the solar charkhas will be ensured through KVIC's departmental Sliver / Roving plants situated at 6 locations in the country. Beside KVIC's departmental units the few Khadi institutions also possess the sliver / roving production facilities. They will also cater the need of raw material to the solar power operated charkhas. However, entrepreneurs will have option to procure sliver/roving from textile manufacturing units.

The yarn produced out of solar charkhas will be converted into cloth using the weaving implements available with the weavers and subsequent processing for dyeing, finishing etc. The units will utilize the garmenting capacity available in the vicinity to convert the cloth into readymade particularly shirts etc.

Market Potential

The change of climate has caused major concern about conservation of ecology and nature. Therefore, Government of India is encouraging to use non-conventional energy such as solar energy wherever possible. The products such as towels, bed sheets, pillow covers, duster cloth etc. produced using solar yarn will

be sold to Government departments, Railways etc. with the support of KVIC.

Production planning

The instant project envisages for introduction of minimum of 25 Nos. solar power operated charkha each having 8 to 10 spindles (per charkha) in each unit with 10 weaving implements and Garment Unit containing 5 single needle locked stitch machine, one overlocking machine and automatic fabric cutting machine with allied accessories.

The cost of charkha and minimum cycle of working capital will be provided to the Khadi institutions/entrepreneurs through PMEGP Scheme by Banks. The yarn produced through these solar charkhas will be taken-up for further production of garment especially men shirts by the Khadi institutions. It is estimated that around 60 shirts will be produced each day. Therefore, the annual production of the unit will be around 18000 for 300 days operation and the average price of each shirt comes around Rs.445/-.

The unit will also have the option to produce finished products such as bed sheets, towels, pillow covers, duster cloth, uniforms, dungri cloth etc. KVIC through its Marketing Directorate will assist the Khadi institutions for extending support to market their shirts through KVIC Departmental Sales Outlets and also facilitate supply of solar charkha cloth to Government departments, Railways etc.

Financial Assistance

Financing of Solar charkha units to be set by Khadi Institutions under PMEGP will receive financial assistance as per the provision of PMEGP with Margin money assistance as provided under PMEGP scheme.

2	ABOUT THE PROMOTER :	Khadi institutions / Entrepreneurs		
3	COST OF PROJECT :			
	A. Fixed Capital Investment			
	Land and Workshed	Rental Workshed	Own	
	The requirement of area will be around 2500 sq.ft. (covered-2000, uncovered-500) with rent of Rs.5/- per sq.ft. per month.			
	B. Machinery	Qty.	Rate	Amount (in Rs.)
	8 Spindle Charkha	25	13500.00	337500.00
	Solar Panel, Battery, Motor, Etc.	25	18000.00	450000.00
	Improved Looms (5 new and 5 owned by weaver)	5	40000.00	200000.00
	Garments Machine & Equipment Set	1	375000.00	375000.00
	Total			1362500.00

	d. Preliminary & Pre-operative Cost :				Rs.50000.00
	e. Furniture & Fixtures :				Rs.100000.00
	Total Capital Expenditure:				Rs.1512500.00
	Working Capital				Rs.975194.00
	Total Cost Project				Rs.2487694.00
3.1	Means of Financing :				
	Own Contribution	10%			Rs.248769.00
	Bank Finance :	90%			
	Term Loan				Rs.1361250.00
	Working Capital				Rs.877675.00
	Total				Rs.2238925.00
	Margin Money (Govt. Subsidy) From KVIC	25%			Rs.621924.00
	Margin Money Subsidy received From KVIC will be kept in term deposit as per norms of PMEGP in the name of Beneficiary for three years in the financing branch				
3.2	STATEMENT SHOWING THE REPAYMENT OF TERM LOAN & WORKING CAPITAL :				
	TERM LOAN				
	Year	Opening Balance	Installment	Closing Balance	Interest @ 13.00%
	1st	1361250	272250	1089000	176963
	2nd	1089000	272250	816750	141570
	3rd	816750	272250	544500	106178
	4th	544500	272250	272250	70785
	5th	272250	272250	0	35393
	WORKING CAPITAL				
	Year	Opening Balance	Installment	Closing Balance	Interest @ 13.00%
	1st	877675	175535	702140	114098
	2nd	702140	175535	526605	91278
	3rd	526605	175535	351070	68459
	4th	351070	175535	175535	45639
	5th	175535	175535	0	22820

3.3	STATEMENT SHOWING THE DEPRECIATION ON FIXED ASSETS:					
	MACHINERY @10.00%					
	Opening Balance	1362500	1226250	1103625	993263	893936
	Depreciation	136250	122625	110363	99326	89394
	Closing Balance	1226250	1103625	993263	893936	804543
	TOTAL DEPRECIATION					
	Machinery	136250	122625	110363	99326	89394
	Total	136250	122625	110363	99326	89394
4	Schedule of Sales Realization :					
4.1	Details of Sales					
	Particulars of Product		Rate/unit	No.of unit	Amount (in Rs.)	
	Garments		445	18000	8000000.00	
	Total				8000000.00	
4.2	Capacity Utilization of Sales					
	Particulars	1st Year	2nd Year	3rd Year	4th Year	5th Year
	Capacity Utilization	70%	80%	90%	90%	90%
	Sales / Receipts	5600000	6400000	7200000	7200000	7200000
5	Raw materials:					
	Particulars	Unit	Rate/unit	Reqd.Unit	Amount (in Rs.)	
	Sliver/Roving	Kgs.	225.00	6260	1408500.00	
	Total		1408500.00			
5.1	Wages :					
	Particulars	No. of Worker	Wages Per Month		Amount in Rs. (Per Annum)	
	Spinner	25	5490.00		1647000.00	
	Weaver	10	9033.33		1084000.00	
	Master Cutter-1, Tailor-5, Overlock Operator-1	7	6250.00		525000.00	
	Total	42			3256000.00	
5.2	Repairs and Maintenance:				Rs.12000.00	
5.3	Power and Fuel				Rs.24000.00	
5.4	Other Overhead Expenses				Rs.9000.00	

6	Administrative Expenses :					
6.1	Salary	No.	Per month (in Rs.)	Annual amount (in Rs.)		
	Manager/Entrepreneurs	1	15000.00	180000.00		
	Accountant/Office Assistance	1	8000.00	96000.00		
	Production Staff	2	6000.00	144000.00		
	Sales staff	1	4000.00	48000.00		
	Total	5		468000.00		
6.2	Stationery & Postage			6000.00		
6.3	Workshed Rent			150000.00		
6.4	Other Miscellaneous Expenses			61600.00		
	Total			685600.00		
7	Capacity Utilization of Manufacturing & Administrative Expenses :					
	Particulars	1st Year	2nd Year	3rd Year	4th Year	5th Year
	Capacity Utilization	70%	80%	90%	90%	90%
	Manufacturing Expenses					
	Raw materials	985950	1126800	1267650	1267650	1267650
	Wages	2279200	2604800	2930400	2930400	2930400
	Repairs & Maintenance	8400	9600	10800	10800	10800
	Power & Fuel	16800	19200	21600	21600	21600
	Other Overhead Expenses	6300	7200	8100	8100	8100
	Administrative Expenses					
	Salary	468000	468000	468000	468000	468000
	Stationery & Postage	4200	4800	5400	5400	5400
	Workshed Rent	150000	150000	150000	150000	150000
	Other Miscellaneous Expenses	43120	49280	55440	55440	55440
	Total:	3961970	4439680	4917390	4917390	4917390
8	Assessment of Working Capital :					
	Particulars	Amount (in Rs.)				
	Sale	8000000.00				
	Manufacturing Expenses					
	Raw Material	1408500.00				
	Wages	3256000.00				
	Repair & Maintenance	12000.00				
	Power & Fuel	24000.00				
	Other Overhead Expenses	9000.00				
	Production Cost	4709500.00				
	Administrative Cost	685600.00				
	Manufacturing Cost	5395100.00				

Working Capital Estimate :

Element of Working Capital	No of Days	Basis	Amount (in Rs.)
Raw materials	12	Material Cost	56340.00
Stock in process	15	Production Cost	235475.00
Finished goods	18	Manufacturing Cost	323706.00
Receivable by	20	Manufacturing Cost	359673.00
Total Working Capital Requirement		Per Cycle	975194.00

9 Financial Analysis

9.1 Projected Profit & Loss Account :

Particulars	1st Year	2nd Year	3rd Year	4th Year
Sales	5600000	6400000	7200000	7200000
Receipts	5600000	6400000	7200000	7200000
Manufacturing Expenses				
Raw materials	985950	1126800	1267650	1267650
Wages	2279200	2604800	2930400	2930400
Repairs & Maintenance	8400	9600	10800	10800
Power & Fuel	16800	19200	21600	21600
Other Overhead Expenses	6300	7200	8100	8100
Depreciation	136250	122625	110363	99326
Production Cost	3432900	3890225	4348913	4337876
Administrative Expenses				
Salary	468000	491400	515970	541769
Stationery & Postage	4200	4800	5400	5400
Workshed Rent	150000	150000	150000	150000
Other Miscellaneous Expenses	43120	49280	55440	55440
Administrative Cost	665320	695480	726810	752609
Interest on Bank credit @ 13%				
Term Loan	176963	141570	106178	70785
Working Capital Loan	114098	91278	68459	45639
Cost of Sale	4389280	4818553	5250359	5206909
Net Profit Before Tax	1210720	1581447	1949641	1993091
Net Profit	1210720	1581447	1949641	1993091

9.2 CALCULATION OF DEBT SERVICE CREDIT RATIO (D.S.C.R) :

Particulars	1st Year	2nd Year	3rd Year	4th Year
Net Profit	1210720	1581447	1949641	1993091
Add :Depreciation	136250	122625	110363	99326
TOTAL - A	1346970	1704072	2060004	2092417
Payments :				
On Term Loan :				
Interest	176963	141570	106178	70785
Installment	272250	272250	272250	272250
On Working Capital				
Interest	114098	91278	68459	45639
TOTAL - B	563310	505098	446886	388674
D.S.C.R = A/B	2.39	3.37	4.61	5.38
Average D.S.C.R				

9.3 PROJECTED BALANCE SHEET :

Particulars	0 Year	1st Year	2nd Year	3rd Year	4th Year
LIABILITIES :					
Promoters Capital		248769	248769	248769	248769
Profit		1210720	1581447	1949641	1993091
Term Loan		1361250	1089000	816750	544500
Working Capital Loan		877675	702140	526605	351070
Current Liabilities		0	0	0	0
Sundry Creditors		0	0	0	0
Total		3698414	3621356	3541765	3137430
ASSETS :					
Gross Fixed Assets :		1462500	1326250	1203625	1093263
Less : Depreciation		136250	122625	110363	99326
Net Fixed Assets		1326250	1203625	1093263	993936
Preliminary & Pre-Op. Expenses		50000	37500	28125	21094
Current Assets		877675	702140	526605	351070
Cash in Bank/Hand		1494489	1715591	1921898	1792423
Total		3698414	3621356	3541765	3137430

9.4 CASH FLOW STATEMENT :

Particulars	0 Year	1st Year	2nd Year	3rd Year	4th Year
Net Profit		1210720	1581447	1949641	1993091
Add : Depreciation		136250	122625	110363	99326
Term Loan		1361250	1089000	816750	544500
Working Capital Loan		877675	702140	526605	351070
Promoters Capital		248769	0	0	0
Total		3834664	3495212	3403359	2987987
Total Fixed Capital Invested		1512500			
Repayment of Term Loan		272250	272250	272250	272250
Repayment of WC Loan		175535	175535	175535	175535
Current Assets		877675	702140	526605	351070
Total		1325460	1149925	974390	798855
Opening Balance		0	2509204	4854491	7283459
Surplus		2509204	2345287	2428969	2189132
Closing Balance		2509204	4854491	7283459	9472591

9.5 BREAK EVEN POINT AND RATIO ANALYSIS :

Particulars	0 Year	1st Year	2nd Year	3rd Year	4th Year
Fixed Cost		978533	959675	943350	922720
Variable Cost		3546998	3981503	4417371	4383515
Total Cost		4525530	4941178	5360721	5306236
Sales		5600000	6400000	7200000	7200000
Contribution (Sales-VC)		2053002	2418497	2782629	2816485
B.E.P in %		47.66%	39.68%	33.90%	32.76%
Break Even Sales in Rs.		2669155	2539561	2440900	2358822
Break Even Units		2669155	2539561	2440900	2358822
Current Ratio		1.19	1.03	0.85	0.62
Net Profit Ratio		21.62%	24.71%	27.08%	27.68%

This Project Report has been prepared based on the data furnished by the entrepreneur whose details are given in the application.

Place :

Date:

Prepared by :

Director, Khadi & Village Industries Commission,

State/Divisional Office,

Signature with round real

Signature of the Beneficiary

Full Name:

Address:

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Phone:.....

Fax:

Email: