

Administration of,
Union Territory of Dadra & Nagar Haveli,
District Industries Centre, Department of Industries,
Ground floor, Udyog Bhavan, 66 KV Road, Amla,
Silvassa-396 230.

No.DIC/5(344)/2015/1025

Dated 3.11.2015.
12

To,

1. The President
All India Texturisers Association,
Silvassa.
2. The President,
Dadra Nagar Haveli Industries Association,
Silvassa.
3. The President,
Silvassa Industries & Manufacturers Association, Silvassa,
4. The President,
Silvassa Industries Association, Silvassa.

Sub:- "Start-ups" and Entrepreneurial Ventures in Textiles Sector-regarding..
Ref. :- A letter No.3/12/2015-Coord-, dated 21.10.2015.

Sir,

Please find enclose herewith a letter No.3/12/2015-Coord-, dated 21.10.2015.. received
from Govt. of India, Ministry of Textiles, New Delhi regarding "Start-ups" and Entrepreneurial
Ventures in Textiles Sector for information and necessary action.

Yours faithfully,


General Manager,
District Industries Centre,
D&NH, Silvassa.

Encl: As above.

Pl. share
this with ind.
associations

3/12/2015-Coord.
Government of India
Ministry of Textiles

Udyog Bhavan, New Delhi
Dated: 21st October, 2015

To

The Chief Secretaries of
All States/UTs

प्रशासक सचिवालय
ADMINISTRATOR'S SECRETARIAT
सिलवासा / SILVASSA

संक्रारी पत्र / Letter

आवक सं. नं. 7575

inward No 7575 Date 26/10/2015

Subject: "Start-ups" and Entrepreneurial Ventures in Textiles Sector - regarding.

Sir,

I am directed to state that On the occasion of 69th Independence Day celebrations, Hon'ble Prime Minister of India unveiled the "Start-ups" strategy for the country to move ahead in the competitive world. The Hon'ble PM said that "to move ahead in comparison to the whole world, we have to encourage our youth, we have to provide them opportunities". The Hon'ble PM further said that "I have to provide strength to start up and, therefore, I resolve that in the coming days "Start-up India" and "Stand-up India" will be there for the future of the country.

For enabling start-ups and entrepreneurial ventures in the Textile Sector, apart from the Textile Sector Schemes, support could also be availed from the existing schemes under MSME such as PMEGP or the ASPIRE (for setting up technology and livelihood business incubators), which can be accessed at msme.gov.in/mot/scheme-New.mpx. In addition, MUDRA Bank's offerings include loans under three categories - (i) Shishu - for loans upto Rs.50,000/-; (ii) Kishor - for loans upto Rs. 5 lakhs; and (iii) Tarun - for loans upto Rs. 10 Lakh, the details of which are at Annexure-I. Further, keeping in view the need for specific requirements in the textile sector, Ministry of Textiles has identified following Schemes under Start-ups in the Textiles Sector:-

- 1) FOCUS INCUBATION CENTER(FIC) for Start-Ups in Technical Textiles - In order to help Start-ups in the Technical Textile, Ministry of Textiles has sanctioned FICs. Under the Scheme, eight Focus Incubation Centres have been sanctioned at premises of Textiles Research Associations (TRAs) with various facilities like testing, training, product development etc. Product specific FICs proposed at Textile Research Associations are given in Annexure II. The facilities provided under FICs may be availed by new entrepreneurs in the 'Plug and Play' model. Entrepreneurs keen on setting up start-ups in Technical Textiles, may contact the TRA concerned for setting up product specific enterprise.
- VENTURE FUND IN TEXTILE SECTOR; TEX Venture Fund has been established by the Ministry of Textiles, Government of India with a target corpus of Rs. 80

महा प्रबन्धक जिला उद्योग केन्द्र
General Manager (DIC)
डा. न. ह., सिलवासा
D. & N. H. Silvassa

सचिव (शिक्षा) का कार्यालय

crores for investments in early stage companies in powerloom and allied segments with innovative business model in new product and technology. Each investment shall be limited to Rs. 3 crores. GOI has released Rs. 10.50 crores towards the fund, so far. The investment manager is SIDBI Venture Capital Limited (SVCL). The guidelines for the Tex Venture Fund can be accessed at : <http://www.sidbiventure.co.in/TEXFund.htm>.

III) **HANDLOOM Sector:** PNB Weavers MUDRA Scheme (PNBWMS) – This scheme has been launched with a provision for loans upto Rs. 5.00 lakh under PNBWMS in partnership with Punjab National Bank (**Annexure III**). This product leverages upon the benefits available for handloom sector under Concessional Credit Scheme which include a margin money of upto Rs. 10,000/-, maximum interest subvention of 7% to reduce the interest rate upto 6%, and payment of Credit Guarantee fee. A few Project Profiles for Handloom Enterprises for availing credit under the PMEGP Scheme of MSME and under MUDRA Offerings is enclosed at **Annexure III A to Annexure III C**.

IV) **HANDICRAFTS Sector:** Under the existing dispensation, the Office of Development Commissioner for Handicrafts supports flow of credit to artisans through interest subvention and Credit Guarantee fee. Credit Guarantee fee is structured on the pattern of offering being provided by CGTSME (Credit Guarantee Trust for Small and Micro Enterprises). Ministry of Textiles has recently enhanced the interest subvention from 3% to 7%, subject to maximum benefit of Rs. 1.00 lakh.

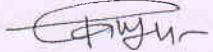
Leveraging upon the above benefits being provided for artisans, concession credit product for artisans under the MUDRA format is being worked out similarly to the product offered for handloom sector. Typical project profiles for Handicraft Enterprises for availing credit under the MUDRA format are given at **Annexure IV-A to Annexure IV-B**.

V) **POWERLOOM SECTOR** - In addition to the TEX Venture Fund mentioned at Paragraph (II) above, Powerloom Sector Start-Ups can avail funds under MUDRA Offering "Tarun" for a loan upto Rs. 10 lakhs. A typical project profile under Powerloom Sector is given at **Annexure V**.

In order to enable the primary producers including weavers and artisans as well as entrepreneurs involved in technical textiles and fashion, it is requested that wide publicity may be given in respect of the above Schemes offered under Start-ups in the Textiles Sector.

Encl. as above.

Yours faithfully,


(R.K.Srivastava)

Under Secretary to the Govt. of India

FAQ

1. What is MUDRA?

MUDRA, which stands for Micro Units Development & Refinance Agency Ltd., is a new institution being set up by Government of India for development and refinancing activities relating to micro units. It was announced by the Hon'ble Finance Minister while presenting the Union Budget for FY 2016. The purpose of MUDRA is to provide funding to the non corporate small business sector.

2. Why MUDRA has been set up?

The biggest bottleneck to the growth of entrepreneurship in the Non -Corporate Small Business Sector (NCSBS) is lack of financial support to this sector. Majority of this sector does not have access to formal sources of finance. Govt is setting up MUDRA Bank through a statutory enactment for catering to the needs of the NCSBS segment or the informal sector for bringing them in the mainstream. To begin with, it is being set up as a subsidiary of SIDBI.

3. What will be roles and responsibilities of MUDRA?

MUDRA would be responsible for refinancing all Last Mile Financiers such as Non Banking Finance Companies of various types engaged in financing of small businesses, Societies, Trusts, Section 8 Companies [formerly Section 25], Co-operative Societies, Small Banks, Scheduled Commercial Banks and Regional Rural Banks which are in the business of lending to Micro / Small business entities engaged in manufacturing, trading and services activities. The Bank would partner with State / Regional level financial intermediaries to provide finance to Last Mile Financier of Small / Micro business enterprises.

4. What are the offerings of MUDRA? How will MUDRA function?

Under the aegis of Pradhan Mantri MUDRA Yojana, MUDRA has already created its initial products / schemes. The interventions have been named 'Shishu', 'Kishor' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth to look forward to :

- a. Shishu : covering loans upto ₹ 50,000/-
- b. Kishor : covering loans above ₹ 50,000/- and upto ₹ 5 lakh
- c. Tarun : covering loans above ₹ 5 lakh to ₹ 10 lakh

MUDRA will be operating as a refinancing institution through State / Regional level intermediaries. MUDRA's delivery channel is conceived to be through the route of refinance primarily to NBFCs / MFIs, besides other intermediaries including Banks, Primary Lending Institutions etc.

At the same time, there is a need to develop and expand the delivery channel at the ground level. In this context, there is already in existence, a large number of 'Last Mile Financiers' in the form of companies, trusts, societies, associations and other networks which are providing informal finance to small businesses.

5. Who are the target clients of MUDRA / What kind of borrowers are eligible for assistance from MUDRA?

Non -Corporate Small Business Segment (NCSBS) comprising of millions of proprietorship / partnership firms running as small manufacturing units, service sector units, shopkeepers, fruits / vegetable vendors, truck operators, food-service units, repair shops, machine operators, small industries, artisans, food processors and others, in rural and urban areas.

6. Are Regional Rural Banks (RRBs) eligible for assistance from MUDRA?

Yes, MUDRA will be extending refinance support to RRBs for enhancing their liquidity.

7. What is the rate of interest charged by MUDRA?

MUDRA will be a refinancing agency which will extend its funds to Last Mile Financiers to enable them to reach out to the sector. Access to finance in conjunction with rational price is going to be the unique customer value proposition of MUDRA. It will use a variety of innovative financing means to bring down the cost of funding for the ultimate borrower.

8. I have a small business dealing in paper goods. Can MUDRA help me?

Yes. MUDRA will offer smaller loans upto ₹ 50,000/ under the 'Shishu' category and beyond ₹ 50,000 and upto ₹ 5 lakh under the 'Kishor' category. These products have been designed to cater to customers operating at the lower end of the enterprise spectrum. The loans will be extended through MFIs, NBFCs, Banks etc.

9. I have graduated recently. I want to start my own business. Can MUDRA help me?

MUDRA offers smaller loans upto ₹ 50,000/ under the 'Shishu' category and beyond ₹ 50,000 and upto ₹ 5 lakh under the 'Kishor' category. It also offers loans beyond 5lakh and upto ₹ 10 lakh under the Tarun category. Depending on your nature of business project requirement you can access finance from one of the intermediaries of MUDRA as per the norms.

10. I have diploma in food processing technology. I want to start my own unit. Please guide me.

Food Processing is an eligible activity for coverage under one of the MUDRA schemes. You can avail assistance under MUDRA schemes as per your requirements.

11. I am an artisan specialising in Jari work. I want to start my own work instead of doing job work for others. Can MUDRA help me?

You can avail assistance under the 'Shishu' category of Micro Credit Scheme of MUDRA through any of the MFIs operating in your region for setting up your own enterprise.

12. I have done a course on fashion designing. I want to open my own boutique and develop my own brand. What help can MUDRA offer to me?

MUDRA operates a special scheme for women entrepreneurs; viz; Mahila Uddyami Scheme. Assistance will be provided under all three groups, viz. 'Shishu', 'Kishor' as well as 'Tarun'.

13. I intend to work on franchisee model and open an ice cream parlour. Can MUDRA help me?

MUDRA operates a special scheme 'Business loans for Traders and Shopkeepers'. You can avail the facilities under the scheme as per your requirements.

14. I want to expand my pottery business by adding more variety and designs. What help can I get from MUDRA?

You can avail assistance under the 'Shishu' category of Micro Credit Scheme of MUDRA through any of the MFIs operating in your region for setting up your own enterprise.

15. Scope of PMMY & various types of loan available and which are the agencies that will provide loan?

Pradhan Mantri Mudra Yojana (PMMY) will be extended by all Public Sector Banks such as PSU Banks, Regional Rural Banks and Cooperative Banks, Private Sector Banks, Foreign Banks, Micro Finance Institutions and Non Banking Finance Companies. All loans upto a loan size of ₹ 10 lakh provided for non farm sector income generating activities since April 08, 2015 is treated as PMMY.

16. Who will monitor the implementation of PMMY?

Monitoring of PMMY will be done at the State level through SLBC forum and at national level by MUDRA / Department of Financial Services, Govt. of India. For this purpose, MUDRA has developed a portal, wherein the banks and other lending institutions directly feed their achievement details which is consolidated by the system and reports are generated for review.

17. Is there any scheme in Central/State Govt., which is applicable all over India, in which loan without guarantee is granted / the guarantors identity is checked?

Pradhan Mantri MUDRA Yojana (PMMY) is a Govt. of India Scheme, which enables a small borrower to borrow from banks, MFIs, NBFCs for loans upto ₹ 10 lakh for non-farm income generating activities. Generally, loans upto ₹ 10 lakh issued by banks under Micro Small Enterprises is given without collaterals.

18. Are opening of a school, carpentry and RO water plant installation eligible for the loan, If So, what is the maximum and minimum amount of loan?

Carpentry, RO water plant installation, on a business mode, and educational institution are eligible activities under MUDRA loan, if the loan amount is below ₹ 10 lakh. The primary requirement for being a MUDRA loan is to be a income generating activity under manufacturing, processing, trading and service sector and the loan amount is below ₹ 10 lakh.

19. What is the eligibility of persons for availing MUDRA loans?

Any Indian Citizen who has a business plan for a non-farm sector income generating activity such as manufacturing, processing, trading or service sector and whose credit need is less than ₹ 10 lakh can approach either a Bank, MFI, or NBFC for availing of MUDRA loans under Pradhan Mantri Mudra Yojana (PMMY). The usual terms and conditions of the lending agency may have to be followed for availing of loans under PMMY. The lending rates are as per the RBI guidelines issued in this regard from time to time.

20. Is there any subsidy under Pradhan Mantri Mudra Yojana (PMMY). If so details thereof?

There is no subsidy for the loan given under PMMY. However, if the loan proposal is linked some Government scheme, wherein the Government is providing capital subsidy, it will be eligible under PMMY also.

21. Kindly provide brief Profile of MUDRA.

MUDRA which stands for Micro Units Development and Refinance Agency Ltd. is a refinance agency and not a direct lending institution. MUDRA provides refinance support to its intermediaries viz. Banks / Micro Finance Institutions / Non Banking Finance Companies, who are in the business of lending for income generating activities in the non farm sector in manufacturing, trading and services sector and who in turn will finance the beneficiaries.

22. Can you provide information on MUDRA Card?

MUDRA Card is an innovative credit product wherein the borrower can avail of credit in a hassle free and flexible manner It will provide a facility of working capital arrangement in the form of CC/OD to the borrower. Since MUDRA Card will be a RuPay Debit Card, it can be used for drawing cash from ATM or Business Correspondent or make purchase using Point of Sale machine. Facility is also there to repay the amount as and when surplus is available, thereby reducing the interest burden.

Other Related Sites (related-links.php)

Careers (careers.php) | Tenders (tenders.php)

Best viewed with Internet Explorer 10+ or Latest versions of Google Chrome & Mozilla Firefox

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FOCUS INCUBATION CENTRES FOR TECHNICAL TEXTILES

Ministry of Textiles has approved the setting up of six Focus Incubation Centers at a total cost of Rs. 17.45 crore. The details are given below:

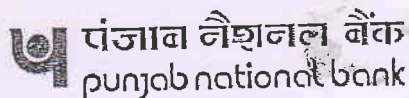
S. No.	Name of COE	Manufacturing set up being established at FIC	Products proposed in FIC	Fund Sanctioned (Rs in Cr)
1.	ATIRA	Manufacturing of PORTA cabins	i. Composite laminates for bullet proof PORTA cabin. ii. Pultruded structural components.	3.42
2.	DKTE	Coating of wovens, knitted and non-woven fabrics.	Automotive carpets, tents, pond liners, safety vests, conveyor belts, inflatable boats, life jackets, protective clothing etc	2.70
3.	NITRA	Weaving machine set up	i. Fire/Heat resistant fabrics ii. Hi-Visibility fabrics iii. Cut resistant fabrics iv. Black out Fabrics v. Fabrics for UV radiation protection vi. Fabrics for Chemical Protection vii. Electromagnetic radiation protection viii. High altitude protective clothing ix. Fire resistant automotive fabric	2.87
4.	PSG Tech	i. Filter Converting Machines ii. Ultrasonic bonding Machine iii. Cutting Machine iv. Respirator Converting Machine v. Hot press machine /Oven vi. Spray Coating Machine	i. Filters ii. Acoustic Thermal Insulators iii. Wipes	2.85
5.	SASMI RA	i. Injection moulding machine ii. High tech weaving machine	Bio degradable plant aids, Composite for agro application, Packtech products related to agriculture, Ground Cover for agriculture applications, Specialized Canal lining for agriculture application for water conservation and preservation, Packaging of agricultural	3.00

			produce, etc.	
6.	SITRA	Conversion facility & Sample Development weaving	Medical Textiles	2.61
Total				17.45

2. Objectives / Responsibilities of FICs

- i) Industrial sheds with basic infrastructure/basic machineries may be made available to the prospective entrepreneurs for setting up their units for production on commercial scale.
- ii) FICs may be provided to new entrepreneurs on "Plug and Play" model with mentoring by the concerned CoE for taking up the innovation on commercial scale.
- iii) Once they get established they shall shift to their own facilities and the center will be made available to new entrepreneurs.
- iv) CoEs have to establish the FIC's in their area within a time period of six months.
- v) There will be separate line of equipments for each entrepreneur.
- vi) FICs would be run by entrepreneurs and not the CoEs.
- vii) Setting up of Incubation Centre by the COEs may be completed on a time bound manner i.e. within six months. Basic infrastructure covering industrial shed with machineries may be provided to new start up entrepreneur on "plug and play" system for production of technical textiles on commercial scale, giving attention to requirements under the Government sponsored schemes of various Departments like M/o Agriculture, M/o RD, DONER, M/o RTH etc. The CoEs may do handholding of such new entrepreneurs and extend them necessary support and guidance.

16.09.2015



Micro, Small & Medium Enterprises Division
Head Office, Atma Ram House, New Delhi-110001
(Tel: 011-23359557; Fax: 011-23737268 e-mail: sme@pnb.co.in)

PNB WEAVER MUDRA SCHEME (PNB WMS)
(loans upto Rs. 5 lakh)

1. OBJECTIVE

The Handloom Scheme aims at providing adequate and timely assistance from the Bank to the weavers to meet their credit requirements i.e. for investments need as well as for working capital in a flexible and cost effective manner. The Scheme will be implemented both in rural and urban areas.

2. ELIGIBILITY

Existing Handloom Weavers involved in weaving activity,

3. PURPOSE

For working capital requirement of the weaver.

4. NATURE & EXTENT OF LOAN

Cash Credit Limit- Maximum upto Rs. 5 lakh.

5. MARGIN

20% of project cost. Govt. to bear margin @ 20% of cost of project with a maximum of Rs. 10000/-. Rest amount to be borne by borrower.

6. Assessment of loan

Working Capital limit be assessed by simplified turnover method (i.e Bank finance will be 20% of turnover & 5% of turnover will be the margin)

7. SUBSIDY TO BE PROVIDED BY GOVT.

a) Interest subsidy-To provide working capital loans at the interest rate of 6% to handloom sector; the quantum of interest subsidy to be borne by the GOI will be limited to the difference between the actual rate of interest as applicable/charged by the Banks and 6% interest to be borne by the borrower. The maximum interest subvention

6/C

would be capped at 7%. Interest Subsidy as applicable will be provided for maximum 3 years from the date of first disbursement. Interest subsidy will be credited to the account of the borrower on quarterly basis.

And

- b) Margin money assistance @ 20% of the project cost subject to a maximum of Rs. 10000/- per weaver will be provided, which will enable the handloom weavers to leverage this amount for borrowing loans from the banks. Margin money subsidy will be credited to the account of borrower after sanction of the loan.

And

- c) Annual Guarantee Fee (A.G.F.) of CGTMSE (All accounts should be covered under CGTMSE).

- (i) For loans upto loan of Rs.50000/-

In excess of 0.25% will be borne by bank. Annual Guarantee fee (A.G.F.) of 0.25% of loan amount will be borne by GOI.

- (ii). For loan above Rs.50000/- & upto Rs. 5 lakh.

Entire CGTMSE fees be borne by GOI for a maximum period of 3 years.

8. Renewal/ Review of Working capital Limit: -

Renewal/ Review of Working capital limit will be done annually.

9. ISSUE OF CARD

- (i) For Loans upto Rs.50000/-

To be disbursed by way of MUDRA Card.

- (ii) For Loans above Rs.50000/-

MUDRA Card to be issued for a maximum of Rs.50000/-. Amount above Rs.50000/- will be disbursed by way of opening regular CC account.

The beneficiaries under the Scheme will be issued with a RUPAY Card having the daily limit of Rs.25000/- per day or as per the extant guidelines of the bank in respect of card limit and daily withdrawal limit.

10. VALIDITY PERIOD OF LIMIT:

The PNBWMS limit sanctioned will be valid for 3 years, subject to annual review by the bank, based on genuine trade transactions and satisfactory track record.

11. SECURITY

Hypothecation of assets i.e raw material, work in progress (W.I.P.), finished goods etc. created out of bank loan & margin. The loans must be covered under Credit Guarantee scheme of CGTMSE.

12. INSURANCE COVER:

Insurance cover may be arranged by the bank for the assets financed as per existing norms to be borne by the beneficiary and to be debited to his loan account.

13. CREDIT RISK RATING/PNB SCORE SME

- (i) Presently, exempted for loan upto Rs.2lakh.
- (ii). Loan above Rs.2 lakh will be scored under PNB Score SME model of the bank.

14. RATE OF INTEREST

In terms of IRMD L&A circulars issued from time to time. Presently, for loans covered under CGTMSE are as under:-

- (i). Upto Rs. 50000/- - BR(10%)+1.25%
- (ii).Above Rs. 50000/- & upto Rs. 5 lakh- BR(10%)+2%

15. LOAN APPLICATION AND DOCUMENTATION:

Similar to Mudra Card Scheme or as per extant guidelines. Stock statements and financials are required to be submitted by borrower for loans above Rs. 2 lakh.

16. DISPOSAL OF LOAN APPLICATION

Maximum time schedule as per the amount of the proposals under MSME advances is as under:-

Credit Limits	Time Schedule (Maximum)
Upto Rs. 2 lakh	2 weeks
Above Rs. 2 lakh and upto Rs. 5 lakh	4 weeks

H/C

17. Methodology for Release of Funds :

For Branches:-

- (a) Margin money subsidy :- After sanction of loan, financing branch will calculate the margin money subsidy and debit the suspense account and credit the calculated amount to the loan account of the borrower. Then financing branch will send the claim of the said amount with the details of the borrowers covered under the scheme on monthly basis to Nodal Branch / Head office through their respective Circle Office within 7 days of end of month.
- (b) Interest subsidy:- After sanction of loan, financing branch will calculate the Interest subsidy and debit the suspense account quarterly and credit the calculated amount to the loan account of the borrower. Then financing branch will send the claim of the said amount with the details of the borrowers covered under the scheme on quarterly basis to Nodal Branch / Head office through their respective Circle Office within 7 days of end of quarter.
- ©. CGTMSE fees: After sanction of loan, financing branch will calculate the CGTMSE fees and debit the suspense account quarterly and pay the CGTMSE fees through respective circle office for the loan account of the borrower quarterly or as per extent guidelines of CGTMSE. Then financing branch will send the claim of the said amount with the details of the borrowers covered under the scheme on quarterly basis to Nodal Branch / Head office through their respective Circle Office within 7 days of end of respective quarter.

FOR NODAL BRANCH/HEAD OFFICE

- (a) Margin money subsidy :- Tentative amount of fund for payment of margin money subsidy will be claimed by bank in advance which may be credited to dedicated account for receiving advance for the margin money subsidy under PNB Weaver Mudra Scheme. Management Information system (MIS) or data related to the no. and amount of the borrower (alongwith other required information) covered under the scheme will be sent to the ministry on monthly basis. Unutilized fund will be refunded to the ministry accordingly.
- (b) Interest subsidy:- Similarly a dedicated account will be opened for holding this fund received and claimed from ministry in advance. Management Information system (MIS) or data related to the no. and amount of the borrower (alongwith other required information) covered under the scheme will be sent to the ministry on quarterly basis. Unutilized fund will be refunded to the ministry accordingly.
- ©. CGTMSE fees: Like as in above subsidies, a dedicated account will be opened for holding this fund received and claimed from ministry in advance. Management Information system (MIS) or data related to fees charged by CGTMSE in case of weaver borrowers (alongwith other required information) covered under the scheme will be sent to the ministry on monthly basis. Unutilized fund will be refunded to the ministry accordingly.

d. Formula for calculation of Financial assistance

(i) Margin Money per borrower : 20% of loan amount and maximum of Rs.10000/-

(ii) Interest Subsidy per a/c : $\frac{\text{Loan O/S} * \text{No. Of days loan o/s in the Year} * (5.25\% \text{ to } 6\%)}{365 * 100}$

(iii). CGTMSE fees: As per extant guidelines of CGTMSE.

18. Other terms & Conditions

- 1.All accounts should be sanctioned subject to satisfactory report from CIBIL (Credit Information Bureau (India) Limited).
- 2.Sale proceeds of Goods supplied to Govt. Departments by all the Handloom weavers be routed through their accounts to keep the accounts in order.

One Loom
Project Profile on Upgradation of Handlooms

(16)
ANNEXURE II - A

Introduction

1	Name of Product	Handloom Products
2	Project Cost:	
	a. Capital Requirement	Rs. 9,000.00
	i) Land	Rs. -
	ii) Workshed in sq.ft. :	Rs. -
	iii) Equipment	Rs. 9,000.00
	Looms Upgradation	
	Total Capital requirement	Rs. 9,000.00
	b. Working Capital	Rs. 55,500.00
	Total Project Cost	Rs. 64,500.00

3	Estimated Annual Production Capacity:			(Rs.in '000)
S.No.	Particular	Capacity in Metres	Rate	Total Value
i)	Handloom products	-	-	231.90
Total				231.90

4	Raw material and Design Development & Procurement	Rs. 212,400.00
5	Misc.	Rs. 1,000.00
6	Depreciation	Rs. 450.00
7	Insurance	Rs. 45.00
8	Interest (As per PLR)	
	a. C.E. Loan	Rs. 1,170.00
	b. W.C. Loan	Rs. 7,215.00
	Total Interest	8,385.00
9	Working Capital Requirement	
	Fixed cost	Rs. 8,430.00
	Variable Cost	Rs. 213,400.00
	Requirement of W.C. per cycle	Rs. 55,457.50

10	Cost Analysis				
S.No.	Particular	Capacity Utilization (Rs in '000)			
		100%	60%	70%	80%
1	Fixed Cost	8.43	5.06	5.90	6.74
2	Variable Cost	213.40	128.04	149.38	170.72
3	Cost of Production	221.83	133.10	155.28	177.46

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4	Projected Sales	231.90	139.14	162.33	185.52
5	Gross Surplus	10.07	6.04	7.05	8.06
6	Expected Net Surplus	9.47	5.68	6.63	7.58

Capital Expenses	
Loom (1) - Upgradation	9,000.00

Working Capital	Details	Silk	Cotton	Average	For Three months
Raw material and Design Development/Procurement	Rs.600/m x 15metre/month x 12 months	108,000.00	Rs.300/m *4m/day*22 days*12 months	316,800.00	53,100.00
Misc.	1,000.00		1,000.00	1,000.00	250.00
Insurance	10% of Rs.450 (Depreciation)	45.00	45.00	45.00	11.25
Subtotal		109,045.00	317,845.00	213,445.00	53,361.25
Interest	at rate of 13%			8,385.00	2,096.25
				221,830.00	55,457.50
					55,457.50

Cost per cycle (Three months)

S.No.	Particular	Sales	Capacity in Metres	Rate/m	Total Value
i)	Silk sarees	14 metre/month*12 months	168.00	875.00	147.00
ii)	Cotton Sarees	3m/day*22 days*12 months	792.00	400.00	316.80
	Average				231.90

Rs in '000

Upgrading 1 loom + Supporting 4 other looms
Project Profile on Handloom Products

ANNEXURE II - b

Introduction

1	Name of Product	Handloom Products
2	Project Cost:	
	a. Capital Requirement	Rs. 12,000.00
	i) Land	Rs. -
	ii) Workshed in sq.ft. :	Rs. -
	iii) Equipment	Rs. 12,000.00
	Looms Upgradation	
	Total Capital requirement	Rs. 12,000.00
	b. Working Capital	Rs. 427,550.00
	Total Project Cost	Rs. 439,550.00

3 Estimated Annual Production Capacity:				(Rs.in '000)
S.No.	Particular	Capacity in Metres	Rate	Total Value
i)	Handloom products			1,956.00
Total				1,956.00

4	Raw material	Rs. 1,239,000.00
6	Wages (5 skilled)	Rs. 390,000.00
8	Admin	Rs. 12,000.00
9	Overheads	Rs. 6,000.00
10	Misc.	Rs. 6,000.00
11	Depreciation	Rs. 600.00
12	Insurance	Rs. 60.00
13	Interest-(As per PLR)	
	a. C.E. Loan	Rs. 1,560.00
	b. W.C. Loan	Rs. 55,581.50
	Total Interest	Rs. 57,141.50
14	Working Capital Requirement	
	Fixed cost	Rs. 447,201.50
	Variable Cost	Rs. 1,263,000.00
	Requirement of W.C. per cycle	Rs. 427,550.38

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15 Cost Analysis		Capacity Utilization (Rs in '000)			
S.No.	Particular	100%	60%	70%	80%
1	Fixed Cost	447.20	268.32	313.04	357.76
2	Variable Cost	1,263.00	757.80	884.10	1,010.40
3	Cost of Production	1,710.20	1,026.12	1,197.14	1,368.16
4	Projected Sales	1,956.00	1,173.60	1,369.20	1,564.80
5	Gross Surplus	245.80	147.48	172.06	196.64
6	Expected Net Surplus	245.20	147.12	171.64	196.16

Capital Expenses	12,000.00
Loom (1)- Upgradation	

Working Capital	Details	Silk	Cotton	Average	For three months
Raw material & Design Development & Procurement	Rs. 700/m x 15 metre/month x 12 months*5 looms	630,000.00	Rs. 280/m*5m/day*22 days*12 months*5 looms	1,846,000.00	309,750.00
Wages (5 skilled) months;	Skilled-Rs. 7500*5*12 months;	450,000.00	Skilled-Rs. 5500*5*12 months	390,000.00	97,500.00
Admin	Rs. 1000*12months	12,000.00	Rs. 1000*12months	12,000.00	3,000.00
Overheads		6,000.00		6,000.00	1,500.00
Misc.		6,000.00		6,000.00	1,500.00
Insurance	10% of Rs. 600 (Depreciation)	60.00	10% of Rs. 600 (Depreciation)	60.00	15.00
Interest	at rate of 13%	1,104,060.00	at rate of 13%	2,202,060.00	413,255.00
				57,141.50	14,285.38
				1,710,201.50	427,550.38
				427,550.38	

Cost per cycle (three months)

Sales

S.No.	Particular	Details	Capacity in Metres	Rate/m	Total Value
i)	Silk sarees	14 metre/month*12 months*5looms	840.00	1,200.00	1,008.00
ii)	Cotton Sarees	4 m/day*24 days*12 months*5 looms	5,280.00	550.00	2,904.00
	Average				1,956.00

Supporting 4 looms + Supporting additional 10 handlooms
Project Profile on Handloom Products

Introduction

ANNEXURE - III C

1	Name of Product	Handloom Products
2	Project Cost:	
	a. Capital Requirement	
	i) Land	: Rs.
	Workshed in	
	ii) sq.ft. :	: Rs. 480,000.00
	iii) Equipment	: Rs. 285,000.00
	Looms (4), Vertical Warping Machine, Dyeing Utensils, Bobbin Winding Machine, Computer & Camera, Inverter	
	Total Capital Requirement	Rs. 765,000.00
	b. Working Capital	Rs. 1,678,000.00
	Total Project Cost	Rs. <u>2,443,000.00</u>

3	Estimated Annual Production Capacity:			(Rs.in '000)
S.No.	Particular	Capacity in Metres	Rate	Total Value
i)	Handloom products			5,868.00
Total				5,868.00

4	Raw material & Design Development & Procurement	: Rs.	3,469,200.00
6	Wages (20 skilled)	: Rs.	1,092,000.00
7	Salary (2)	: Rs.	84,000.00
8	Admin	: Rs.	24,000.00
9	Overheads	: Rs.	20,000.00
10	Misc.	: Rs.	20,000.00
11	Depreciation	: Rs.	62,250.00
12	Insurance	: Rs.	6,225.00
13	Interest (As per PLR)		
	a. C.E. Loan	Rs.	99,450.00
	b. W.C. Loan	Rs.	218,140.00
	Total Interest		317,590.00
14	Working Capital Requirement		
	Fixed cost	Rs.	1,499,815.00
	Variable Cost	Rs.	3,533,200.00

Supporting 4 looms + Supporting additional 10 handlooms
Project Profile on Handloom Products

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ANNEXURE - III C

Introduction

1	Name of Product	Handloom Products
2	Project Cost:	
	a. Capital Requirement	
	i) Land	Rs.
	ii) Workshed in sq.ft. :	Rs.
	700	480,000.00
	iii) Equipment	Rs.
	Looms (4), Vertical Warping Machine, Dyeing Utensils, Bobbin Winding Machine, Computer & Camera, Inverter	285,000.00
	Total Capital Requirement	Rs. 765,000.00
	b. Working Capital	Rs. 1,678,000.00
	Total Project Cost	Rs. 2,443,000.00

3	Estimated Annual Production Capacity:			(Rs.in '000)
S.No.	Particular	Capacity in Metres	Rate	Total Value
i)	Handloom products		*	5,868.00
Total				5,868.00

4	Raw material & Design Development & Procurement	Rs.	3,469,200.00
6	Wages (20 skilled)	Rs.	1,092,000.00
7	Salary (2)	Rs.	84,000.00
8	Admin	Rs.	24,000.00
9	Overheads	Rs.	20,000.00
10	Misc.	Rs.	20,000.00
11	Depreciation	Rs.	62,250.00
12	Insurance	Rs.	6,225.00
13	Interest (As per PLR)		
	a. C.E. Loan	Rs.	99,450.00
	b. W.C. Loan	Rs.	218,140.00
	Total Interest		317,590.00
14	Working Capital Requirement		
	Fixed cost	Rs.	1,499,815.00
	Variable Cost	Rs.	3,533,200.00

Requirement of W.C. per cycle Rs. 1,677,671.67

15	Cost Analysis				
S.No.	Particular	Capacity Utilization (Rs in '000)			
		100%	60%	70%	80%
1	Fixed Cost	1,499.82	899.89	1,049.87	1,199.85
2	Variable Cost	3,533.20	2,119.92	2,473.24	2,826.56
3	Cost of Production	5,033.02	3,019.81	3,523.11	4,026.41
4	Projected Sales	5,868.00	3,520.80	4,107.60	4,694.40
5	Gross Surplus	834.99	500.99	584.49	667.99
6	Expected Net Surplus	763.74	458.24	534.61	610.99

Capital Expenses	
Work shed Construction (600 sq. ft @ Rs.800)	480,000.00
Loom (4)	80,000.00
Vertical Warping Machine (1)	40,000.00
Bobbin Winding Machine (1)	25,000.00
Dyeing (2 kg/day)	15,000.00
Storage (Racks-2, Weighing Machines and Allmarh)	30,000.00
Computer (1), Printer (1) and Camera (1)	55,000.00
Inverter	40,000.00
	285,000.00
Total	765,000.00

Working Capital	Details	Silk		Cotton	Average	Three months cost
Raw material & Design Development & Procurement	Rs.700/m x 15metre/month x 12 months x 15 looms	1,764,000.00	Rs.280/m*5mg/day*22 days*12 months* 14 looms	5,174,400.00	3,469,200.00	867,300.00
Wages (14 skilled)	Skilled-Rs.7500*14*12 months	1,260,000.00	Skilled-Rs.5500*14*12 months	924,000.00	1,092,000.00	273,000.00
Salary (1)	Rs.7000*1*12 months	84,000.00	Rs.7000*1*12 months	84,000.00	84,000.00	21,000.00
Admin	Rs.2000*12months	24,000.00	Rs.2000*12months	24,000.00	24,000.00	6,000.00
Overheads		20,000.00		20,000.00	20,000.00	5,000.00
Misc.		20,000.00		20,000.00	20,000.00	5,000.00
Insurance	10% of Rs.62,250 (Depreciation)	6,225.00	10% of Rs.62,250 (Depreciation)	6,225.00	6,225.00	1,556.25
Interest	at rate of 13%	3,178,225.00	at rate of 13%	6,253,625.00	4,715,425.00	1,178,856.25
					317,590.00	79,397.50
Cost per cycle (four months)					5,035,015.00	1,258,253.75
					1,677,671.67	

Cost per cycle (four months)

1,677,671.67

Sales

S.No.	Particular	Details	Capacity in Metres	Rate/m	Total Value
i)	Silk sarees	14metre/month*12 months*14 4m/day*22 days*12 months*14	2,520.00	1,200.00	3,024.00
ii)	Cotton Sarees		15,840.00	550.00	8,712.00
	Average				5,868.00

Rs in '000

Financial Rationale: Wooden Frames and Wooden Furniture

Financing Requirement

The financial requirement at present is estimated at Working Capital facilities and Term Loan of INR 50,000.

Project Snapshot

Product	Wooden Frames & Wooden Furniture	
Cost of Project	50000(One Artisan, providing employment to another worker)	
Means of Finance	WC	INR 40000
	Term loan	INR 10000(up-gradation of tool kit)
Pay Back Period	2.73 Years	
Debt Service	3.36 assuming 3 year loan tenure	
Coverage Ratio		

Annual Revenue Statement

Revenue	In INR	341,250.00
Less:	Raw Material	146,000.00
	Wages	156,000.00
	Other Overheads	15,000.00
EBITDA		24,250.00
Less:	TL Interest	600.00
	WC Interest	2,400.00
Cash Profit		21,250.00
Less:	Depreciation	1,000.00
Profit		20,250.00
% to Sales		5.93%

Working Capital Requirement Rationale

The raw materials are mostly procured locally. While actual production takes merely 3-4 days (Frames) and 15-30 days (Furniture), the average lead time from procurement order to sales receipts is approximately 45 days. Working capital is further necessitated since while purchases terms are 100% advance payments basis, the sales are realized only after 10-15 days in terms of institutional buyers.

Working Capital Requirement (45 days) is estimated as follows:

Expenses	INR
Raw Material	18,250.00
Wages	19,500.00
Misc.	3,000.00
Total	40,750.00

Sales Assumption

The proposed unit shall work for single shift of 8 hours for 300 days an year. There will be 1 team – Artisan, supported by an unskilled worker, working in the same. Manufacturing process is different for different products. For example, chairs can take anywhere between 5-15 days depending on the design and level of expertise. For standardization purposes, we have considered wooden frames' sales. 1 feet of material makes 3-4 frames. Considering wastage in designing, we have conservatively estimated 3.25 frames per feet of Raw Material. The market rate for a standard frame is at INR 350/piece.

	Pieces	Rate	INR
Sales	975	350	341,250

Raw Material Assumptions

Major cost is incurred by way of raw materials. The key raw materials are wood (sheesham, rubber wood, etc –procured locally) and MDF. The current rates for average quality wood and MDF are INR 300 and INR 150 per sq. ft. currently. Other miscellaneous costs comprise of glue, tapes, pins, etc. Total raw material costs include polish, gum, wax, sand paper, plywood, nails, pulley, etc.

	ft.	Cost/sq. ft.	INR
Wood	300	300	90000
MDF(8X4)	300	150	45000
Misc.			11000
			146000

Wages Assumption

The next main cost component is wages. We have estimated wages for 300 days at 8 hour daily shifts. For unorganized production units, an average of INR 25 per piece is paid per wooden frame. Here we are assuming employment for 1 unskilled worker to support the artisan himself. Wage Rate is estimated at INR 300 pd for Skilled Worker and INR 220 pd for unskilled worker.

Wages	Salary per person	No of persons	Annual Cost
Skilled Worker(Self)	90,000	1	90,000
Unskilled Worker	66,000	1	66,000
Total			156,000

Interest Assumption

Given the interest subvention of 7% under the scheme, net interest is calculated at 6% on a market rate of 13% p.a.

Statement showing Repayment of Term Loan

INR	Opening Balance	Payment	Closing Balance
Year 1	10,000	3,333	6,667
Year 2	6,667	3,333	3,334
Year 3	3,334	3,334	-

Three Year Profitability Statement

While sales have been assumed to increase at 10% per annum, Raw Material and wages are also assumed to increase at the same rate conservatively. Term Loan interest is assumed to reduce in proportion to the repayments. Working Capital interest is constant since working capital cycle would require to be deployed. However, please note that investible surplus after TL installment is sufficient to pay the WC installments also, incase needed.

	Year 1	Year 2	Year 3
Revenue	341,250.00	375,375.00	412,912.50
Less: Raw Material	146,000.00	160,600.00	176,660.00
Wages	156,000.00	171,600.00	188,760.00
Other Overheads	15,000.00	15,500.00	16,500.00
EBITDA	24,250.00	27,675.00	30,992.50
Less: TL Interest	600.00	400.02	200.04
WC Interest	2,400.00	2,400.00	2,400.00
Cash Profit	21,250.00	24,874.98	28,392.46
Less: Depreciation	1,000.00	1,000.00	1,000.00
Profit	20,250.00	23,874.98	27,392.46
% to Sales	5.93%	6.36%	6.63%

Debt Service Coverage Ratio

Debt Coverage Service Ratio comes at 3.36 assuming INR 3,333/- per annum installment for INR 10,000 loan; loan tenure being 3 years. It is expected to improve with reduction in debt.

INR	Year 1	Year 2	Year 3
PBT	20,250.00	23,874.98	27,392.46
Depreciation	1,000.00	1,000.00	1,000.00
A(Total)	21,250.00	24,874.98	28,392.46
TL Installment	3,333.00	3,333.00	3,334.00
TL Interest	600.00	400.02	200.04
WC Interest	2,400.00	2,400.00	2,400.00
B(Total)	6,333.00	6,133.02	5,934.04
DSCR(A/B)	3.36	4.06	4.78

Payback Period

INR	Year 1	Year 2	Year 3
Investment	50,000		
Cash Profit	21,250	24,875	28,392
Less: TL Installment	3,333	3,333	3,334
Cash Flows	17,917	21,542	25,058
Cumulative Cash Flows	(32,083)	(10,541)	14,517
Pay Back Period	2.73	Years	

Net Gain to the Artisan: Requirement for 3 year tenure for Term Loan

On the face of it, while the DSCR and Pay Back period might not necessitate the need for 3 year loan repayment period, the net gain to the artisan is only INR 360 per day after paying off the installment. Given this, we recommend a term loan for 3 year tenure.

Net Gain to Artisan	Year 1	Year 2	Year 3
Wages	90,000	99,000	108,900
Cash Profit	21,250	24,875	28,392
Less: TL Installment	3,333	3,333	3,334
Total(A)	107,917	120,542	133,958
Per,Day Return(A/300)	359.72	401.81	446.53

Capital Cost Estimate

Term Loan requirement is for up gradation of 1 tool kit, estimated at INR 10,000.

Financial Rationale: Wooden Frames and Wooden Furniture

Financing Requirement

The financial requirement at present is estimated at Working Capital facilities and Term Loan of INR 500,000.

Project Snapshot

Product	Wooden Frames & Wooden Furniture	
Cost of Project	500,000(One applicant – providing employment to 11 workers)	
Means of Finance	WC	INR 300,000
	Term loan	INR 200,000
Pay Back Period	2.46 Years	
Debt Service Coverage Ratio	2.68 years in Y1	

Annual Revenue Statement

Sales Revenue	In INR	2,559,375
Less:	Raw Material	1,112,500
	Wages	690,000
	Other Overheads	168,000
	Salary	300,000
EBITDA		288,875
Less:	TL Interest	12,000
	WC Interest	18,000
Cash Profit		258,875
Less:	Depreciation	20,000
Profit		238,875
% to Sales		9.33%

Working Capital Cycle

The raw materials are mostly procured locally. While actual production takes merely 3-4 days (Frames) and 15-30 days (Furniture), the average lead time from procurement order to sales receipt is approximately 45 days. Working capital is further necessitated since while purchases terms are 100% advance payments basis, the sales are realized only after 10-15 days in terms of institutional buyers.

Working Capital Requirement (45 days) is estimated as follows:

Expenses	INR
Raw Material	139,063
Wages	86,250
Power & Fuel	21,000
Salary	37,500
Misc Exp	17,000
Total	300,813

Sales Assumption

The proposed unit shall work for single shift of 8 hours for 300 days an year. There will be the Production Team comprising of 4 skilled workers and 5 unskilled workers and the Administrative Team comprising of 3 Sales and Administrative staff. They will be managed by the Applicant cum Senior Artisan. Manufacturing process is different for different products. For example, chairs can take anywhere between 5-15 days depending on the design and level of expertise. For standardization purposes, we have considered wooden frames' sales. 1 feet of material makes 3-4 frames. Considering wastage in designing, we have conservatively estimated 3.25 frames per feet of Raw Material. The market rate for a standard frame is at INR 350/piece.

	Pieces	Rate	INR
Sales	7,313	350	2,559,375

Raw Material Assumptions

Major cost is incurred by way of raw materials. The key raw materials are wood (sheesham, rubber wood, etc –procured locally) and MDF . The current rates for average quality wood and MDF are INR 300 and INR 150 per sq. ft. currently. Other miscellaneous costs comprise of glue, tapes, pins, etc. Total raw material costs include polish, gum, wax, sand paper, plywood, nails, pulley, etc.

	ft	Rate p sq ft	INR
Wood	2,250	300	675,000
MDF(8X4)	2,250	150	337,500
Misc		100	100,000
Total			1,112,500

Wages Assumption

The next main cost component is wages. We have estimated wages for 300 days at 8 hour daily shifts. For unorganized production units, an average of INR 25 per piece is paid per wooden frame. Here we are assuming employment for 9 workers, 4 skilled and 5 unskilled. Wage Rate is estimated at INR 300 pd for Skilled Worker and INR 220 pd for unskilled worker.

Working Capital Requirement (45 days) is estimated as follows:

Expenses	INR
Raw Material	139,063
Wages	86,250
Power & Fuel	21,000
Salary	37,500
Misc Exp	17,000
Total	300,813

Sales Assumption

The proposed unit shall work for single shift of 8 hours for 300 days an year. There will be the Production Team comprising of 4 skilled workers and 5 unskilled workers and the Administrative Team comprising of 3 Sales and Administrative staff. They will be managed by the Applicant cum Senior Artisan. Manufacturing process is different for different products. For example, chairs can take anywhere between 5-15 days depending on the design and level of expertise. For standardization purposes, we have considered wooden frames' sales. 1 feet of material makes 3-4 frames. Considering wastage in designing, we have conservatively estimated 3.25 frames per feet of Raw Material. The market rate for a standard frame is at INR 350/piece.

	Pieces	Rate	INR
Sales	7,313	350	2,559,375

Raw Material Assumptions

Major cost is incurred by way of raw materials. The key raw materials are wood (sheesham, rubber wood, etc –procured locally) and MDF . The current rates for average quality wood and MDF are INR 300 and INR 150 per sq. ft. currently. Other miscellaneous costs comprise of glue, tapes, pins, etc. Total raw material costs include polish, gum, wax, sand paper, plywood, nails, pulley, etc.

	ft	Rate p sq ft	INR
Wood	2,250	300	675,000
MDF(8X4)	2,250	150	337,500
Misc		100	100,000
Total			1,112,500

Wages Assumption

The next main cost component is wages. We have estimated wages for 300 days at 8 hour daily shifts. For unorganized production units, an average of INR 25 per piece is paid per wooden frame. Here we are assuming employment for 9 workers, 4 skilled and 5 unskilled. Wage Rate is estimated at INR 300 pd for Skilled Worker and INR 220 pd for unskilled worker.

Category	Salary per person	No of persons	Annual Cost
Skilled Workers	90,000	4	360,000
Unskilled Workers	66,000	5	330,000
Total			690,000

Salary Assumption

The unit will also require a manager and 2 sales and administrative staff. The Applicant will function as Manager cum Chief Artisan drawing a salary of INR 90,000.

Category	Salary per person	No of persons	Annual Cost
Manager	120,000	1	120,000
Administrative Staff	90,000	2	180,000
Total			300,000

Other Overheads

Other overheads include expenditure on power, marketing & sales as well as office and stationery expenditure. The same has been estimated at INR 14000 per month.

Interest Assumption

Given the interest subvention of 7% under the scheme, net interest is calculated at 6% on a market rate of 13% p.a.

Statement showing Repayment of Term Loan

INR	Opening Balance	Payment	Closing Balance
Year 1	200,000	66,666	133,334
Year 2	133,334	66,666	66,668
Year 3	66,668	66,668	-

Three Year Profitability Statement

While sales have been assumed to increase at 10% per annum, Raw Material & Wages are also assumed to increase at the same rate conservatively. Term Loan interest is assumed to reduce in proportion to the repayments. Working Capital interest is constant since working capital cycle would require to be deployed. However, please note that investible surplus after TL installment is sufficient to pay the WC installments also, incase needed.

INR		Year 1	Year 2	Year 3
Revenue		2,559,375	2,815,313	3,096,844
Less:	Raw Material	1,112,500	1,223,750	1,346,125
	Wages	690,000	759,000	834,900
	Other Overheads	168,000	184,800	203,280

	Salary	300,000	330,000	363,000
EBITDA		288,875	317,763	349,539
Less:	TL Interest	12,000	8,000	4,000
	WC Interest	18,000	18,000	18,000
Cash Profit		258,875	291,762	327,539
Less:	Depreciation	20,000	20,000	20,000
Profit		238,875	271,762	307,539
Profit %		9.33%	9.65%	9.93%

Debt Service Coverage Ratio

Debt Coverage Service Ratio comes at 2.68 in Year 1 itself assuming INR 66,666/- per annum installment for INR 200,000 loan; loan tenure being 3 years. It is expected to improve with reduction in debt.

INR	Year 1	Year 2	Year 3
PBT	238,875	271,762	307,539
Depreciation	20,000	20,000	20,000
A(Total)	258,875	291,762	327,539
TL Installment	66,666	66,666	66,668
TL Interest	12,000	8,000	4,000
WC Interest	18,000	18,000	18,000
B(Total)	96,666	92,666	88,668
DSCR(A/B)	2.68	3.15	3.69

Pay Back Period

INR	Year 1	Year 2	Year 3
Investment	500000.00		
Cash Profit	258875.00	291762.46	327538.67
Less: TL Installment	66666.00	66666.00	66668.00
Cash Flows	192209.00	225096.46	260870.67
Cumulative Cash Flows	-307791.00	-82694.54	178176.13
Pay Back Period	2.46	Years	

Capital Cost Estimate

There is a requirement of INR 2 lacs term loan. Out of this, INR 1, lacs will be deployed towards constructing of shed for work area and the balance for up gradation/new tool kits. While a new tool kit costs INR 23,000(details below), an up gradation costs INR 10,000. Since there will be 5 skilled workers and 4 unskilled workers, we have estimated an aggregate amount of INR 1 lacs towards up gradation/new tool kit.

Description	Specifications/Make	Material/ STD	INR
1 Measuring Tape	3 meters	STD	150
2 Marking tool	7"	Carbon steel	350
3 Out side caliper	7"	Carbon steel	100
4 Try- square	4"	EN 31	151
5 Bevel Protector	4"	Stainless steel	5,050
6 Height gauge	6"	Stainless steel	200
7 Triangular File	5"	High carbon steel	150
8 Center Punch	Ø 8x100 mm	HcHcr	100
9 Frame Hack saw	6"	STD	100
10 Screw driver	12"	EN 9	250
11 Carving chisel -I	7 no's	OHNS	1,000
12 Carving chisel-II	3 nos. (Nos. 10, 12, 16)	OHNS	1,000
13 Power drill machine with wood drills set of 4,5,6,8 and 10 mm	Bosch or equivalent quality	STD	3,933
14 Sand stone for finishing.	1"X2"X6"	STD	200
15 Hand Grinder for finishing	4" operated	STD	2,320
16 Wood Plainer	(2 ¼"X9.5")	STD	1,500
17 C-clamp	3"	STD	349
18 Metal ruler	24"	Stainless steel	200
19 Rip saw	16"	Carbon steel	200
20 Grinding file- Half round	8.5"	c-80	240
21 Iron hammer with nail remover		STD	130
22 wooden mallet		STD	150
23 Hand gloves – cotton.	-	STD	176
24 Nose mask	-	STD	150
25 Wood Nailing Gun		Hitachi NR90AE(S)	5,000
Total			23,149

PROJECT PROFILE ON 100% COTTON GREY SHEETING FABRIC

Introduction :

The semi- automatic power looms are used to manufacture grey sheeting fabrics (100% cotton yarn). The above process involves value addition from yarn to woven fabrics.

1. Name of the product : 100% Cotton Grey Sheeting Fabric
2. Project cost

a) Capital Expenditure

Land	:	Own
Work shed	:	Own
Machinery (4 nos. of semi-Automatic looms and one no. of Pirn winding machine)	:	Rs. 6,90,000 (4X1.6 lakh and 1X0.5 lakh)
Total capital Expenditure	:	Rs. 6,90,000

b) Working capital

Rs. 3,10,000

TOTAL PROJECT COST

Rs. 10,00,000

3. Estimated Annual production capacity

S.no	Particulars	Capacity in mts	Rate	Total value (Rs in 000)
1	100% Cotton Grey Sheeting Fabric	72,000	Rs.45/mtr	3240
	Total	72,000	45/mtr	3240

Avg production /loom (in Mts)

60 mts / loom /day

Avg annual production / loom @ 300 days

(60mtsX300 days)

18,000 mts

Avg annual production for 4 looms

72,000 mts

4. Raw material (per annum)

Rs.27,90,550

5. Packing material

Rs. 50,000

6. Wages (2 skilled workers)

Rs. 1,20,000 (Rs. 200/ person/ shift of 12 hrs,
i.e. Rs. 5000 per month)

7. Salaries

Nil

8. Administrative Expenses

Nil

9. Over head Expenses

Nil

10. Miscellaneous Expenses (Spares & consumables):

Rs. 5,000

11. Depreciation (@ 5%)

Rs.34,500

12. Insurance

Rs. 8500

13. Interest (as per PLR)

a. C.E Loan(Loan amt : Rs.4,14,000 @ 13% interest) : Rs. 53,820

b. W.C Loan (Loan amt Rs. 1,86,000 @ 13%interest) : Rs. 24,180

Total Interest

Rs. 78,000

(2)

14. Working capital requirement

Fixed cost	Rs. 1,12,500
Variable cost	Rs. 29,89,550
Requirement of WC per cycle	Rs. 3,10,000

15. Cost Analysis

Particulars	Capacity Utilisation			
	100%	60%	70%	80%
Fixed Cost	1,12,500	1,12,500	1,12,500	1,12,500
Variable cost	29,89,550	1793730	2092685	2391640
Cost of production	31,02,050	1906230	2205185	2504140
Projected Sales	32,40,000	1944000	2268000	2592000
Gross surplus	1,37,950	37770	62815	87860
Expected net surplus	1,37,950	37770	62815	87860

Note :

1. All figures mentioned above are only indicative.
2. This is model project profile for guidance
3. Cost of project and its profitability will be changed depends on the availability of raw material, man power, power requirement and various other factors etc.

Grey Cloth Particulars

A) Product : Grey sheeting fabric

1. Material : 100% Cotton yarn
2. Construction
 - Warp : 30s
 - Weft : 30s
 - Ends / Inch : 60
 - Picks / Inch : 60
 - Cloth width : 60 inches

B) Production calculation

Avg production per loom / day = 60 mts.
 Annual production / 4 looms = 72,000 Mts

C) Cost of production/annum

Power cost : Rs.24,000
 Wages : Rs.1,20,000 (Rs. 200 per person / shift of 12 hrs)
 Spares, consumables : Rs.5,000
 Packing Material : Rs. 50,000
 Working capital Interest :Rs. 24,180
 Depreciation : Rs. 34,500
 Capital Exp. Interest : Rs. 53,820

D. Working capital factors.

Fixed cost
 Depreciation (@ 5%) : Rs.34,500
 Working capital Interest : Rs. 24,180 (13% Interest)
 Capital Exp. Interest : Rs. 53,820 (13% Interest)
 Total : Rs. 1,12,500

Variable cost
 Raw material : Rs.27,90,550 (Rs.170/kg)
 Wages : Rs. 1,20,000
 Spares & consumables : Rs 5,000
 Packing Material : Rs. 50,000
 Power cost @ Rs.20/loom/day : Rs.24,000
 Total : Rs. 29,89,550

E. Income details

Sale price of cloth / mtr : Rs. 45 (i.e.10 % profit)

✓
GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
NISHTHA BHAVAN,
48, NEW MARINE LINES, MUMBAI-400 020
Web-site:-www.txcindia.gov.in
E-mail: hankyarnonline@gmailcom

No. 26(29)/2015/HY/CSS

Date:- 24/09/2015

8-18

✓ To,

Sh. P.S. Reddy
Secretary of Industries
U.T. OF DADRA & NAGAR HAVELI
Department of Industries, District Industry Centre,
Udyog Bhawan, Ground Floor, Amli, Silvassa - 396 230.
Tel. No.: 0260-2643122 - Pin-396 230
E-Mail : gm-dic-dnh@nic.in

Sub - To make mandatory for keeping the Textile Commissioner Office
Informed regarding registration of new Spinning/Textile Units under SSL.

Sir,

You may kindly be aware that Government of India has issued a notification called Hank Yarn Packing Notification dated 17.04.2003, as amended (copy enclosed), to protect the Handloom Industry (rural based industry) by way of ensuring that the yarn in hank form is available in adequate quantity at reasonable prices to the handloom industry.

The Hank Yarn Obligation (HYO) is a statutory obligation which enjoins upon spinning mills to pack yarn in hank form. In terms of the said Hank Yarn Packing Notification dated 17.04.2003 issued under E.C.Act, 1955, all the manufacturers of cotton yarn who are packing cotton yarn for sale in domestic market are required to pack 40% of total such yarn meant for sale in domestic market, in the form of Hank, for use by Handloom Industry.

This office is not getting the details of new Spinning/Textile Units which are registered under SSI from time to time. Hence, this office finds it difficult to implement the said Notification amongst the new upcoming spinning units which are manufacturing cotton yarn under the provisions of Hank Yarn Packing Notification.

In this regard, this office vide letter of even No. 8 dated 08.04.2015 and subsequently vide letter dated 03.08.2015 requested Special Secretary and Development Commissioner, Ministry of Micro, Small and Medium Enterprises, New Delhi to issue necessary instructions to the concerned District Industries Centre/State Governments, to make mandatory for keeping the Textile Commissioner Office informed on monthly basis about the setting up of new Spinning/Textiles Units after issuing registration to such units, so that, this office can approach the said units directly for complying with the statutory requirements.

..2/-

महा प्रबन्धक जिला उद्योग केन्द्र

General Manager (DIC)

डा. न. ह., सिलवासा

D. & N. H., Silvassa

आ. न. _____, File No. 3112

दिनांक _____ Date- 9/11/15

सचिव (शिक्षा) का कार्यालय

O/O The Secretary (EDN)

डा. न. ह., सिलवासा

D. & N. H., SILVASSA

दिनांक/Date

1629

30-10-2015

In this connection, Ministry of Micro, Small and Medium Enterprises, New Delhi vide letter No. 37(9)/2014-15/Hosiery/Part-I/203 dated 27.08.2015 (copy enclosed) has informed this office to directly contact your office and get the required information. Therefore, you are requested to issue necessary instructions to the concerned District Industries Centre/State Governments, to make mandatory for keeping the Textile Commissioner Office informed on monthly basis about the setting up of new Spinning/Textile Units after issuing registration to such units, so that, this office can approach the said units directly for complying with the statutory requirements.

Yours faithfully,



(KIRAN SONI GUPTA)
TEXTILE COMMISSIONER

Encl: As above

Copy to,

Shri Barindar Singh,
Assistant Director (Hosiery),
Office of the Development Commissioner
(Micro, Small & Medium Enterprises)
Ministry of Micro, Small & Medium
Enterprises, Government of India,
Nirman Bhavan, (South Wing),
7th Floor, Maulana Azad Road,
New Delhi- 110108

- - - This has reference to your letter No.
37(9)/2014 -15/ Hosiery/Part-I/203 dated
27.08.2015



(KIRAN SONI GUPTA)
TEXTILE COMMISSIONER