

EXECUTIVE SUMMARY

Introduction

M/s. Mahi Terry Cot LLP (MTC) was incorporated on 21.06.16. MTC proposes to set up Terry Towel manufacturing facility with dyeing, stitching and packing at T-24, Addl Amaravati Textile Park, MIDC, Amravati, Maharashtra.

MTC had applied and has been allotted 40000 Sq Meter land at T-24, Addl Amaravati Textile Park, MIDC, Amravati, Maharashtra. This is an MIDC land where infrastructure is readily available as per Textile requirement.

M/S MAHI EXPORTS, a partnership firm, having common partners is already in the business of export of terry towel since 2008 and is a Government recognized star export house. At present he is sourcing terry towel from other manufacturers and also getting it done on job work from different manufacturer. Hence, he is setting up this plant to have stability in supply of terry towel and reduce dependency on the external source.

Promoters

The present partners of the firm comprise of the following:

- 1 Shri Sorabh Agarwal
- 2 Smt. Ruchika Agarwal

Mr Sorabh Agarwal aged 38 years is a Commerce Graduate. He is into the family business since the age of 20. In the year 2008 he came to Mumbai to start a new

venture. He started with Mahi Exports. The said firm is engaged into the business of trading and export of Terry Towel. In a span of 10 years the firm has established itself in this market. The firm has achieved a turnover of Rs 34 Cr. in the year 2020-21.

Mrs Ruchika Agarwal is also a commerce graduate from Rajasthan. She will be assisting Mr. Sorabh Agarwal in the accounts and administration.

Project

The LLP proposes to set-up a terry towel manufacturing facility with a capacity of 9.5 ton per day at T-24, Addl Amaravati Textile Park, MIDC, Amravati, Maharashtra. The LLP has been allotted the required land area of 40000 Sq. Meter in the T-24, Addl Amaravati Textile Park, MIDC, Amravati.

The estimated Project Cost and Means of finance are as under :

		<i>(Rs. in Lakh)</i>
	Particulars	Amount (Rs.)
A)	<u>Cost of Project</u>	
	Plant & Machinery	3995.90
	Miscellaneous Fixed Asset	100.00
	Electrical fittings	112.10
	Contingencies	210.40
	Preoperative Expenses	393.42
	Margin for Working capital	589.40
	TOTAL	5401.22

B) <u>Means of Finance</u>	
Partners Capital	2,000.00
Unsecured Loans	87.22
Term loan from Bank	3,314.00
TOTAL	5401.22

Location & Inputs

Amravati is the 2nd most populous metropolitan city of Vidarbha after Nagpur. It is the 6th most populous metropolitan area in the state of Maharashtra. It is also the headquarters of the "Amravati Division" which is one of the six divisions of the state. Amravati is famous for its educational culture and high literacy rate. Literacy rate of Amravati is 93 percent. Government of Maharashtra has developed a dedicated textile park with all the world class amenities and infrastructure with availability of power, water 24x7. CEPT is also constructed by MIDC so it will benefit for the treatment of the waste water from the factory. Availability of labour and raw material is good. Complete belt of Vidarbha region is rich in cotton. Dry port Nagpur is just 120 Kms from the factory location. So looking at all the needs of factory this is the perfect location for the project. It is well connected by Road and Rail.

Terry Towel Industry

Terry towel is one of the strong product categories for Indian textile companies as Indian giants have a major share in the world's leading market. Global home textile industry is expected to increase to US \$ 60 billion by 2025 from US \$ 52 billion currently.

In global home textile segment, cotton terry towels is the single largest commodity with a massive market share of 14 per cent. According to the **Office of Textiles and Apparels (OTEXA)** US, in CY 2019, India supplied about 39 per cent of the import of cotton towels to the US, which has grown significantly from the level of 30 per cent in CY 2009. The hospitality and spa industry, a major consumer of towels, is badly impacted in last one year and is still under pressure. It impacted the market for towel segment negatively but the good thing is that despite this setback, the segment has ample opportunities for India and Indian giants are geared up to grab these opportunities.

For towels, the export demand in India is mainly driven by the US, the largest market, accounting for 60 per cent of India's home textile exports. Compared to a 9 per cent increase in India's home textile product export of US \$ 5.7 billion in FY 2021, exports to the US increased by 14 per cent, while exports to the other major markets of the UK and the EU reported a year-on-year decline during the year.

On the other hand, despite the duty disadvantage of 9 to 10 per cent, India's towel export to US is around 20 per cent of Europe's total towel sourcing.

Textile Policy

Recently Government has announced textile policy. They have provided for capital subsidy on different machines and that too will be receivable in 3 years. Power subsidy of 1 rupees per unit, since sales tax benefit and electricity duty is waived off for 7 years, has been provided.

Subsidy for various machined being purchased by the firm subject to fulfilling the conditions is as under:

Warping, sizing and weaving	:	40% State Govt. + 10% Central Govt
Processing Machines	:	65% State Govt. + 10% Central Govt
Stitching Machine	:	65% State Govt. + 15% Central Govt + 10% more

This is going to enhance competitive advantage of the firm.

Implementation Schedule

Activity	Start	Complete
Procurement of Land		Acquired
Land Development		Done
Foundation of Building	Jan 2022	April 2022
Construction of building	April 2022	July 2022
Machines		
Orders	Mar 2022	July 2022
Receipt of equipment	July 2022	Oct 2022
Assembling Fitting	Sept 2022	Feb 2023
Trial Run		Mar 2023
Commercial Production	Apr 2023	

Project Status

The firm has already acquired 10 acres land at Amravati in Maharashtra. The firm has started appointing Architect, contractors, seeking quotation of machines, etc.

Operating Results

The operating results of the project for a period of six years i.e. the period covering the entire repayment of loan is attached. The salient feature of the same are as follows:

- i) The repayment of Term Loan shall commence 18 months after availment. The same shall be completed by the end of 6th operating year. The Debt Equity ratio is 1.60:1
- ii) The average DSCR covering the period of repayment comes to 2.54 and the Break Even Point in the 3rd year i.e. the first year of peak level of capacity utilization comes to 50%.
- iii) The Gross Profit ratio is above 20%.

Sensitivity Analysis

The following three variants have been applied with satisfactory results :

- i) Decline in selling price by 5%
- ii) Increase in raw material cost by 5%
- iii) Decline in production by 5%

Option I	Average DSCR	Break Even Point (3 rd Year)	
		Overall	Cash
Normal	2.54	50%	35%
Sale Price reduce 5%	1.99	55%	39%
Raw Material price increases 5%	2.17	51%	34%
Production fall by 5%	2.26	49%	33%

SWOT Analysis

➤ **Strengths :**

- The project is being promoted by Sorabh Agarwal who has been in this business and has good marketing network.
- The project is being set up at Amravati where Government is promoting textile park as a result all facilities are readily available.
- The promoters are experienced and financially sound.
- Favourable textile policy.
- Power subsidy
- Independent and self-reliant industry
- Abundance of raw material helps control costs, reducing the lead-time across operation
- Presence of low-cost and skilled manpower provides competitive advantage to the industry

➤ **Weaknesses**

- Cotton Prices fluctuate with monsoon and thus prices of yarn. Dependence on cotton is huge.

The firm shall enter into long term supply arrangements The firm shall enter into long term supply arrangements with cotton yarn suppliers.

- Exports will be subject to exchange risk and freight cost based on oil prices. **The firm shall hedge the exchange rate. Part of the freight cost can be recovered from buyers. Besides margins are reasonable to cover normal rise in cost.**

- Economies of scale
Although the size of the plant is smaller than many giants in the industry, the subsidy on electricity and capital subsidy shall reduce the cost.

➤ **Opportunities**

- The demand for terry towel is set to increase because of the following factors :
 - ✓ Awareness and spending power of consumer in urban, semi urban and rural area.
 - ✓ Elimination of quota restriction leads to greater market development
 - ✓ Growth in Overseas market
 - ✓ E Commerce and growing young population
- New Textile Policy and Government Impetus to textile sector
Emerging retail industry and malls provide huge opportunities for the apparel, handicraft and other segments of the industry

➤ **Threats**

- Competition is increasing due to new plants being set up within India and from Bangladesh and other countries.

The firm due to various subsidy will have cost advantage. Besides the quality of product will be better due to latest machines being used. Consumer Market is big enough and is growing and hence there is always scope for the established players.

Facility Required

Nature of facility	Amount (Rs.)	Margin	
Term Loan	3,314.00	0%	Land
Sublimit-FLC (One Time) (For Import of Machine)	2,500.00	0%	Building
		25%	Plant & Machinery
		25%	Other Assets
Cash Credit (H)	1,750.00	25%	Stock
		25%	Book debts
Bank Guaranty	200.00	10%	
Rate of Interest	10.50 % for Rupees Loan		
Repayment period	8.5 Year		

Security Offered

- 1) First charge on the fixed and current assets of the firm for term and working capital facility respectively.
- 2) Second charge on fixed asset for working capital limits.
- 3) Personal Guarantee of Partners.
- 4) Escrow on capital subsidy wherein part of money will be used for prepayment of term loan.
- 5) Collateral Security of Land and Building

CHAPTER :: I**INTRODUCTION**

- 1.1 Name of the unit** : M/S. MAHI TERRY COT LLP
- 1.2 Constitution** : Limited Liability Partnership
- 1.3 Name of the business house / group** : None
- 1.4 Registration no.** : AAG-7383
- 1.5 Date of incorporation** : 21st June 2016
- 1.6 Registered office** : 116, 1st Floor, Akruti Star, Central Road, MIDC PKT5, Nr. Marol Telephone Exchange, Andheri East, Mumbai 400093
Tel: +91-22-28256425 (Board Line)
E-mail : sorabh@mahiexports.net
- 1.7 Factory** : T-24, Addl Amaravati Industrial Area, MIDC, Amravati, Maharashtra
- 1.8 Partners** : 1 Shri Sorabh Agarwal
2 Smt. Ruchika Agarwal
- 1.9 Project** : Setting up plant to manufacture Terry Towel
- 1.10 Project cost** : Rs. 5,401.22 Lakhs

CHAPTER :: II**PROMOTORS****A) BACKGROUND**

M/s. Mahi Terry Cot LLP was incorporated on 21.06.2016. The firm proposes to set up a terry towel project at Amravati, Maharashtra.

B) PROMOTERS

The present partners of the firm comprise of the following:

- 1 Shri Sorabh Agarwal
- 2 Smt. Ruchita Agarwal

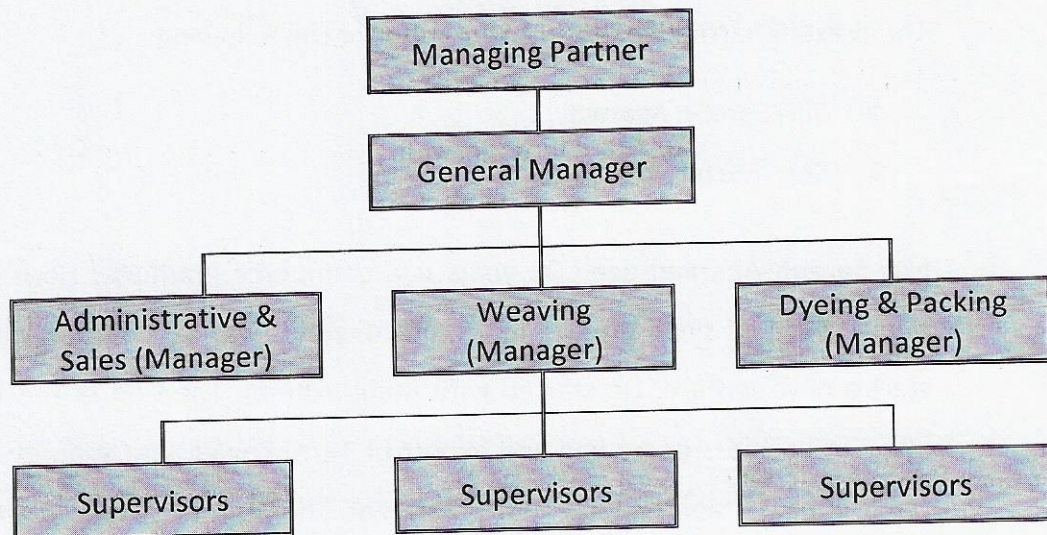
Mr. Sorabh Agarwal aged 38 years is a commerce graduate. He is into the family business since the age of 20. In the year 2008 he came to Mumbai to start a new venture. He started with Mahi Exports. The said firm is engaged into the business of trading and export of Terry Towel. In a span of 10 years the firm has established itself in this market. The firm has achieved a turnover of Rs 16 Cr. in the year 2017-18.

Mrs. Ruchika Agarwal is also a commerce graduate from Rajasthan. She will be assisting Mr. Sorabh Agarwal in the accounts and administration.

C) KEY EXECUTIVES

Mr. Sorabh Agarwal will be responsible for the implementation of the project and its day to day operations thereafter under the overall supervision and guidance of the Board.

The company would be recruiting other professionals in the field of management and finance who will be working under the guidance and control of Board. The proposed reporting structure of the company will be as under:

**D) GROUP CONCERNS**

Each partner has independent textile business and in this line for past many years. Sorabh Agarwal is exporting terry towel in the name of Mahi Exports since 2008. It's a Government recognized Star Export House.

Partners are having experience and resources to implement and run this project.

ASSOCIATE / FAMILY CONCERN**MAHI EXPORTS**

1. **Constitution** : Partnership
2. **Address of Registered office** : 116, 1st Floor , Ackruti Star, MIDC central Road, MIDC, Andheri (E), Mumbai
3. **Name of the Directors/partners** : • Mr. Sorabh Agarwal
• Mrs. Ruchika Agarwal
• Mr. Adhitya Agarwal
4. **Nature of Association** : Common Partner
5. **Date of Establishment** : 12th May, 2008.
6. **Nature of Activity** : Export and imports in Textiles
7. **Key Financial Indicators** : (Rs. in Lakh)

Particulars	31.03.2021 (Rs.)	31.03.2020 (Rs.)	31.03.2019 (Rs.)
a) Sales	3,048.80	1,156.89	1,574.47
b) Other Income	396.12	181.51	140.01
c) Profit Before Tax	120.08	36.94	8.75
d) Paid up Capital	496.18	247.06	212.87
e) Current Ratio	1.25	1.59	1.49

8. **Bank Details & Limits Enjoyed** : **Bank** **Limits**
- Fund Based** : Yes Bank **Rs. 570 Lakh**
- Non Fund Based** : Nil

CHAPTER :: III**PROJECT****1. PROPOSED PROJECT**

The Company proposes to set-up a terry towel manufacturing facility with a capacity of 9.5 ton per day at T-24, Addl Amaravati Industrial Area, MIDC, Amravati, Maharashtra. The company has been allotted the required land area of 10 acres in the T-24, Addl Amaravati Industrial Area, MIDC, Amravati.

IEM was filed on 06.01.2018. Project has received Megha Project status from Govt of Maharashtra vide letter dated 26.10.2016.

2. LOCATION

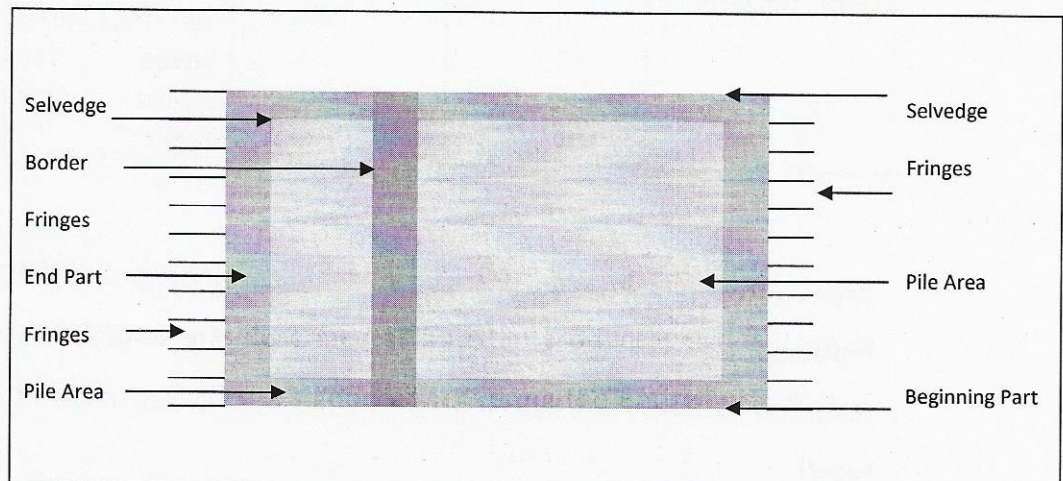
Amravati is the 2nd most populous metropolitan city of Vidarbha after Nagpur. It is the 6th most populous metropolitan area in the state of Maharashtra. It is also the headquarters of the "Amravati Division" which is one of the six divisions of the state. Amravati is famous for its educational culture and high literacy rate. Literacy rate of Amravati is 93 percent. Government of Maharashtra has developed a dedicated textile park with all the world class amenities and infrastructure with availability of power, water 24x7. CEPT is also constructed by MIDC so it will benefit for the treatment of the waste water from the factory. Availability of labour and raw material is good. Complete belt of Vidarbha region is rich in cotton. Dry port Nagpur is just 120 Kms from the factory location. So looking at all the needs of factory this is the perfect location for the project. It is well connected by Road and Rail.

3 MANUFACTURING PROCESS :

a) Terry Towel

A terry towel is described as a textile product which is made with loop pile on one or both sides generally covering the entire surface or forming strips, checks, or other patterns (with end hems or fringes and side hems or selvages). A woven towel consists of five parts. These are the pile area, fringes, beginning and end part, selvedge, and border.

Part of a Terry Towel



**Classification of Terry Towels according to Weight, Production Style, Finishing,
Weft Count Per Pile Loop and Pile Presence on Fabric Surfaces**

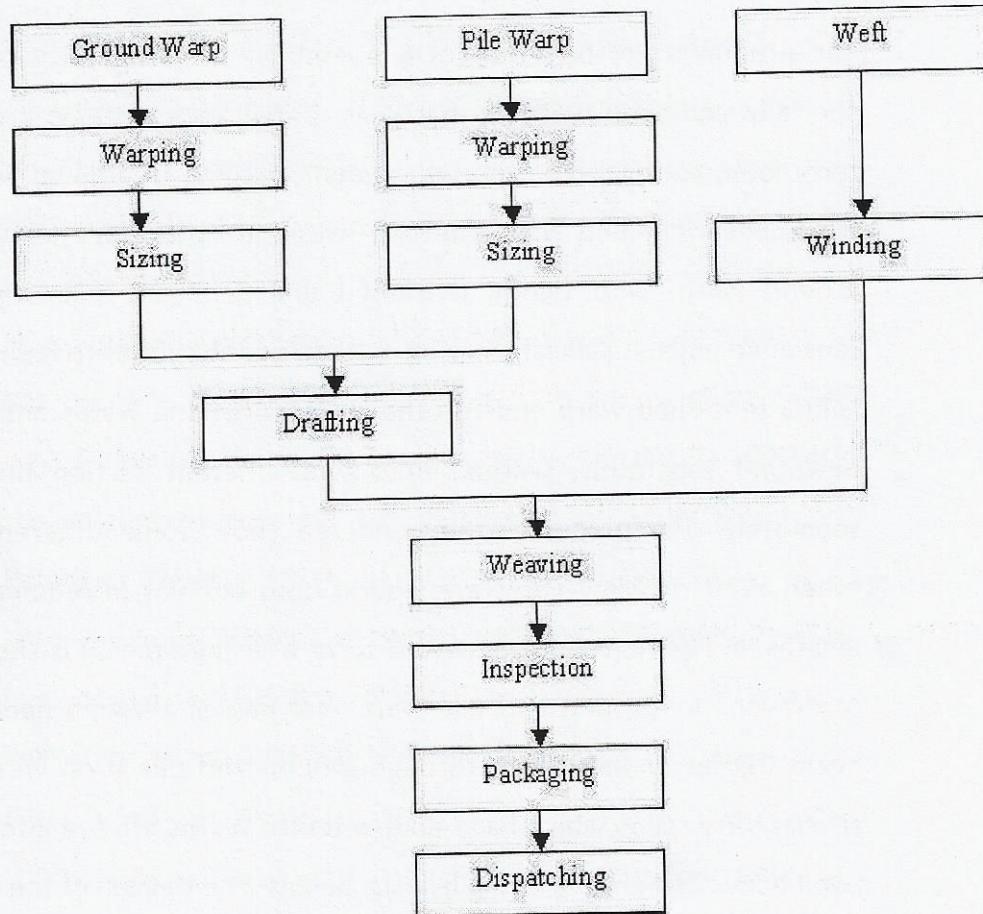
Weight	Production	Finishing	Weft Pick Count per Pile Loop	Pile Presence on Fabric Surfaces
Very heavy ($>550 \text{ g/m}^2$)	Woven	Velour Towel	Two-Pick Terry	One side pile
Heavy ($450-550 \text{ g/m}^2$)	Weft Knitted	Printed Towel	Three – Pick Terry	Both sides pile
Medium ($350-450 \text{ g/m}^2$)	Warp Knitted	Towel with Embroidery	Four – Pick Terry	
Light ($250-350 \text{ g/m}^2$)		Towel with appliqués	Five – Pick Terry Six – Pick Terry Seven (or more) pick Terry	

Terry towel production processes include spinning, weaving, dyeing and finishing, and cutting as general steps. Shearing and embroidery are also regarded as necessary sub steps to obtain the final product of a terry woven towel.

The project will purchase yarn. Hence spinning will not be required.

Weaving :

The production of terry fabrics is a complex process and is only possible on specially equipped weaving machines. Three yarn systems are woven in the terry loom compared to the two system types of traditional weaving: Ground warp, pile warp and weft. The two warps are processed simultaneously: the ground warp, with tightly tensioned ends and the pile warp with lightly tensioned ends. A special weaving method enables loops to be handled with the lightly tensioned warp ends on the surface. Ground warps and pile warps are unwound separately, warped onto two different section beams and sized separately. The processes they undergo show some differences from each other. Weft or filling yarns are wound onto bobbins in required softness and lengths. In Figure, the flow chart of terry weaving process is shown. In drafting or drawing in, ground and pile warps are passed through heddle eyes in the heald frames or harnesses, through ground and pile drop wires and through special terry reeds which have double teeth. Warps are fed into the loom from two beams: The ground and pile warp beams. The tension of the pile warp beam is lower than that of the ground warp beam; therefore the pile warp beam delivers higher length of warps than does the ground warp beam does. A special reed motion lets this extra length of pile warp form loops. Terry weaving is described as "slack tension warp method" by Humpries. Weaving preparation consists of procedures which are carried out before weaving in order to obtain good quality fabric by ensuring warp and weft performance.



Warping

Warp ends should be wound onto the section beam in accordance with the required weave, total number of ends, length and the required warp density (epi) of the fabric. By setting the yarn tension consistently during warping throughout the warp beam, the sizing may be applied in a more homogenous manner throughout the beam. The objective of the warping systems is to present a continuous length of yarn to the succeeding process with all the ends continuously present and with the integrity and elasticity of the yarn as wound; fully preserved.

Sizing

Terry toweling is formed from cotton yarns, and as described earlier these yarns are produced by gathering cotton fibers together and twisting them. Some of the fibers in the yarn are totally in contact with other fibers, while some fibers are loose and protruding. Fibers of the latter type do not contribute to the strength of yarn totally and form a rough yarn surface. Warp ends should be able to withstand great tension and friction forces during shedding and beat-up in the weaving process. As the number of end breakages increase so will the total cost and number of fabric defects increase. Sizing is a pretreatment for yarns to be processed as warps for weaving into textile fabrics. Sizing protects the yarns against mechanical stresses in the weaving process by the application of a film of sizing agent which envelops the yarn and which subsequently must be removed in finishing. Weaving efficiency is highly dependent on sizing. The sizing agents which are used today can be either natural sizing agents (starches, starch derivatives, cellulosic sizing agents) or manmade sizing agents (polyvinyl alcohol, acrylic).

Drafting for Terry Weaving

Drafting or drawing-in is the process of passing the warp ends through drop wires, heald or heddle eyes and reed dents in the designated order. With this step the warp ends are arranged in the required order, prevented from crossing over each other, and warp density is set. It is one of the most laborious of all textile processes, however, most weaving mills throughout the world continues to do this process by hand.

It is quite common practice to shear the terry loops after manufacture in order to create a cut-pile effect. Shearing is applied to the pile fabric, by passing it over a cylinder with blades like a giant cylindrical lawnmower. The velour fabric is then brushed with bristles set in a cylinder to remove cut bits of fiber. Brushing leaves the surface fiber lying in one direction so care must be taken to have all the fabrics in the same batch laid out in the same direction, or light will reflect off various pieces differently.

Dyeing and Finishing of Terry Towels

The main fiber which is used in towels is cotton. As cotton fiber is not sensitive to alkali or chlorine bleach but is to acids, all the dyeing and finishing processes are planned with these conditions. Like other textile materials the dyeing and finishing stage of terry towels generally follow the workflow shown below :

a) Pretreatment

Fiber preparation ordinarily involves scouring to remove foreign material and thus ensures even access to dye liquor from the dye bath. Cotton must be boiled and bleached to remove pectin and cotton seeds. Sizing substances also must be eliminated. The steps of pretreatment are shown below:

- Desizing
- Scouring
- Bleaching

b) Coloration (Dyeing or Printing)

Coloration of towels can be achieved in three ways as follow:

➤ Fabric Dyeing

The process of dye application involves the transfer of dye from a solution in a dye bath to the fiber. Additives such as wetting agents, salts and others are added to the dye bath along with the dye in order to facilitate the dyeing process.

➤ Printing

Printing is local dyeing in zones according to patterns. Thickeners ensure that these zones defined by the engraved pattern are adhered to. The type and size of the artistic design determine the printing process and method of dye paste application

➤ Package Dyeing

For package dyeing, yarn is wound on dye tubes as packages, each with a hollow center that allows liquid to flow through it. The packages are stacked on perforated, hollow posts, and dye liquor is pumped through these.

c) Finishing

Final finishing includes all the finishing treatments applied to the fabric after dyeing and printing. It can be divided into two:

- Chemical (or Wet) Treatments
- Mechanical (or Decorative) Treatments

Softening, hydrophilling and antimicrobial treatments are among the chemical finishing processes of terry towels.

The main aims of dry treatments are to give the towels fuller volume, and dimensional stability and dryness.

In Cutting and Sewing, Towels pass through four steps.

- Longitudinal Cutting
- Longitudinal Hemming - Cross Cutting
- Cross Hemming

These processes are achieved by scissors and standard sewing machines by workers or by machines specialized in towel cutting or sewing or even by automatic machines which can carry out some of or all of the mentioned processes.

4 **TECHNICAL KNOW – HOW**

The manufacturing as such is simple and does not require technical expertise. Whatever is required is available with Managing Partner (Mr. Sorabh Agarwal) and further utilities the same will be sourced from Forbes Marshall.

5 INPUTS FOR PRODUCTION

a) Raw Materials (RM)

i) **Fibers used in Towels**

Main raw materials required for producing terry towel is Cotton yarn. In a terry towel there are four groups of yarn. These four groups are the pile warp, ground warp, weft (filling), and border weft.

➤ **Pile Warp**

One hundred percent cotton yarns, carded or combed, in sizes of 16/1, 20/1 Ne counts, 240-255 turns/meter twist, are most commonly used.

➤ **Ground Warp**

Carded yarns of 20/2, or 24/2 Ne count with 550 turns/meter twist, and of 100% cotton are commonly used for ground warp ends.

➤ **Weft**

Carded yarns of 16/1, or 20/1 Ne counts with 240 – 255 turns/meter twist, 100% cotton are used usually for weft or fling picks.

➤ **Border Weft**

Premium or high end hand towels have complex borders with fancy weaves and use a very wide range of filling yarns.

The company proposes to procure cotton yarn from different spinning units in Maharashtra and neighboring shipping mills, which are within 100 km radius from the proposed site. The landed cost of the yarn is expected to be around Rs. 190 / Kg. as on date. There are many yarn suppliers who could supply required grade & size of cotton yarn for the proposed Terry Towel plant.

ii) **Chemicals**

Major chemical required for dyeing and printing reactive dyes. Same will be procured from various manufacturers locally.

b) **Manpower**

Total manpower requirement for the 9.5 MT per day terry towel plant is estimated at 352 whose break-up is as given below :

General Manager	:	1
Manager	:	4
Supervisor & others	:	32
Skilled and Semiskilled labour	:	305
Accounts & Administrative	:	5
Security	:	5
TOTAL	:	352

The company proposes to recruit the manpower in a phased manner depending on the progress made in implementation of the project. Recruitment of skilled / semiskilled manpower would be made locally and is not expected to pose any problem.

c) **Power**

The plant will require 1450 KVA of power. The power shall be sourced from MSEB who have assured adequate availability of power. The plant being located in MIDC the same will not be any problem. The power cost per unit has been taken at Rs. 3.50. The project will be eligible for a subsidy of Rs. 1 per unit and the effective cost will be Rs. 2.50 per unit.

d) **Water**

The total water requirement as estimated is 800 KL per Day and the same will be provided by MIDC. Water will be required for sizing, dyeing etc.

e) **Effluent Treatment**

Dyeing process produces water which has chemicals and is required to be treated before disposal. There will be preliminary treatment and then secondary treatment. The factory has to do preliminary treatment to de-colour the water, maintain the TDS, PH, and other chemical properties and treat the water to the level suitable for secondary treatment. Then it will be given to CEPT (central effluent treatment plant) set up by MIDC.

CHAPTER :: IV**TEXTILE INDUSTRY & MARKET****Global Textile Industry**

The global trade of terry towelling and similar terry fabrics of cotton has been reduced in the year 2019. Total trade slightly increased 1.26 per cent from \$157.34 million in 2017 to \$159.33 million in 2019, according to data from TexPro. The total trade of terry fabrics of cotton has declined 11.67 per cent in 2019 over the previous year.

Further, the trade is anticipated to surge to \$163.63 million in 2022 with a rate of 2.70 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro.

The global export of terry fabrics of cotton was \$75.50 million in 2017, which fell 5.57 per cent to \$71.30 million in 2019. Total exports dropped 19.62 per cent in 2019 over the previous year and is expected to move down to \$65.42 million in 2022 with a rate of 8.24 per cent from 2019.

The global import value of terry fabrics of cotton was \$81.84 million in 2017, which grew 7.57 per cent to \$88.03 million in 2019. Total imports decreased 3.99 per cent in 2019 over the previous year and is expected to grow to \$98.21 million in 2022 with a rate of 11.56 per cent from 2019.

China (\$17.61 million), Turkey (\$14.61 million), Germany (\$14.20 million) and Vietnam (\$4.20 million) were the key exporters of terry fabrics of cotton across the globe in 2019, together comprising 71.01 per cent of total export. These were followed by Pakistan (\$3.94 million), India (\$3.44 million) and Brazil (\$1.90 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Turkey (44.92 per cent) and Vietnam (86.98 per cent) only.

Hungary (\$15.34 million), Czech Republic (\$11.75 million), Japan (\$7.29 million) and Indonesia (\$6.04 million) were the key importers of terry fabrics of cotton across the globe in 2019, together comprising 45.91 per cent of total import. These were followed by Sri Lanka (\$4.30 million), UK (\$4.18 million) and Russia (\$4.15 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main importing countries, was attained by Czech Republic (148.96 per cent) and Hungary (40.19 per cent).

Share of major exporters across the value chain (%)

Share across chain	Apparel	Fabric	Yarn	Fibre	Made ups
China	37	42	22	8	33
India	4	3	12	10	10
Bangladesh	6	0	1	0	1
Vietnam	5	1	5	1	1
Pakistan	1	2	4	1	4
Indonesia	2	1	5	2	1
Turkey	4	4	4	1	5

Global Home Textile Industry

Terry towel is one of the strong product categories for Indian textile companies as Indian giants have a major share in the world's leading market. Global home textile industry is expected to increase to US \$ 60 billion by 2025 from US \$ 52 billion currently. In India, the home textile industry is expected to almost double from current level of US \$ 8 billion by 2025-26.

In global home textile segment, cotton terry towels is the single largest

commodity with a massive market share of 14 per cent. According to the Office of Textiles and Apparels (OTEXA) US, in CY 2019, India supplied about 39 per cent of the import of cotton towels to the US, which has grown significantly from the level of 30 per cent in CY 2009. The hospitality and spa industry, a major consumer of towels, is badly impacted in last one year and is still under pressure. It impacted the market for towel segment negatively but the good thing is that despite this setback, the segment has ample opportunities for India and Indian giants are geared up to grab these opportunities.

For towels, the export demand in India is mainly driven by the US, the largest market, accounting for 60 per cent of India's home textile exports. Compared to a 9 per cent increase in India's home textile product export of US \$ 5.7 billion in FY 2021, exports to the US increased by 14 per cent, while exports to the other major markets of the UK and the EU reported a year-on-year decline during the year.

On the other hand, despite the duty disadvantage of 9 to 10 per cent, India's towel export to US is around 20 per cent of Europe's total towel sourcing.

In the Western world, terry towels generate majority of sales in the towel segment. Even in India, the largest global suppliers from the country are now looking aggressively at domestic branded terry towel market. The high growth potential with good margins is the attraction.

However, in volume terms, the terry towels are currently contributing around 20 per cent of the domestic sales in India. The remaining 80 per cent comes from Honey Comb/ Huccabuck (Gamchas)/ Non-Terry towels.

Indian Textile Industry

India is amongst the global leaders in the textile industry. Its textile exports constitute 60% of total Textile and Apparel exports and are estimated to jump to US\$ 80 billion by 2022. It boasts of a strong production base of a wide

range of fibres/ yarns – from natural fibres like cotton, jute, silk and wool to synthetic or manmade fibres like polyester, viscose, nylon and acrylic. This is one of India's key sectors in manufacturing segment. It is responsible for significantly contributing to the economy in terms of employment generation and foreign exchange. The country also boasts of competitive labour, economic power and raw material costs, with an access to advanced technology under Textile Upgradation Fund. The domestic organized textile sector has more than 3,400 textile mills, both in the small-scale and large-scale industry sectors. The total installed spindle capacity is estimated at 50 million spindles and 8,42,000 rotors.

Market

Indian Home Textile Industry

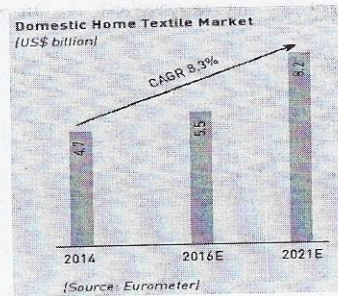
India is a globally-recognized player in the home textiles and furnishing fabric segments. The country has a strategic advantage in cotton textiles, given the ample cotton availability and cost competitiveness. As a result, India has established a strong presence in the US cotton home textile sub-segment with an impressive 31% market share. In categories such as cotton bed sheets and cotton towels, India's share in the US is 49% and 40%, respectively. It is estimated that the Indian Home textile industry is expected to expand at a CAGR of 8.3% to US\$ 10.2 billion by 2023.

Bed Linen and Terry Towel

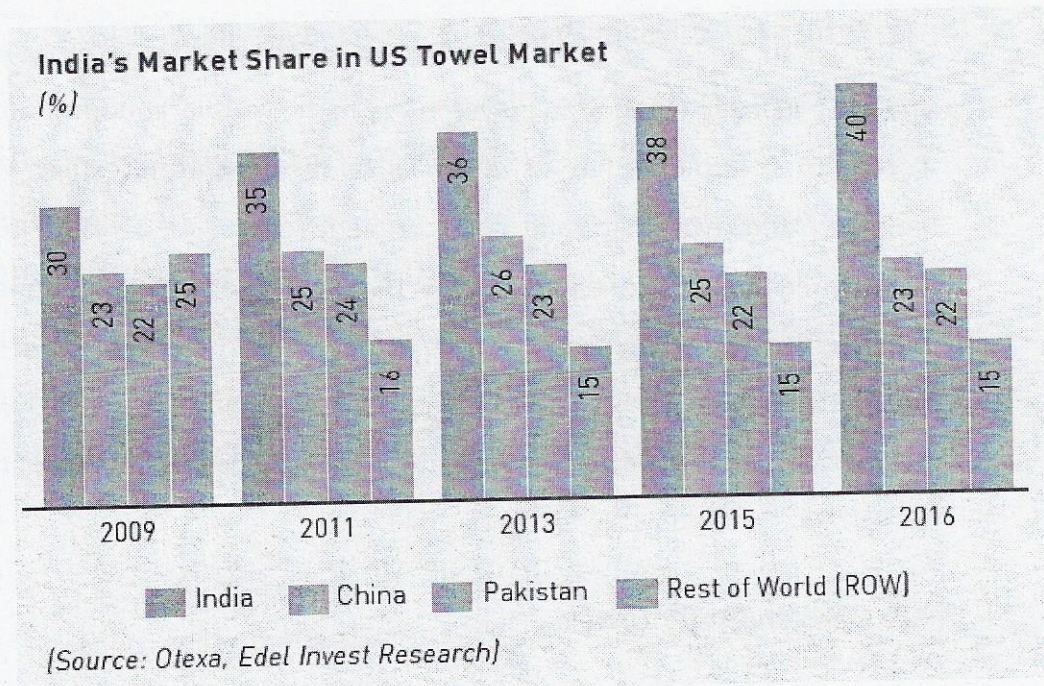
India's market share in US cotton terry towels and bed linen has improved to 42% and 53% in Q1 of Calendar Year 2017 from 28% and 22% in 2008, respectively. It has been continuously gaining market share from China owing

to lower labour cost (China's labour cost at US\$ 240 per month compared to India's US\$ 160) reducing acreage. Going ahead, the Indian bed linen market is set to grow at a CAGR of 8% to `22,350 crores by 2021. Similar growth prospects could be seen in Towel Market which is expected to grow to `9,000 crores by 2021.

Domestic Home Textile Market



India's Market Shares in US Towel Market



Growth Drivers**Young Population:**

Young population plays a key driving force behind the growth of a country. The median age of the Indian consumer is 26 years with maximum population between the age brackets of 15-60 years. It is further projected that India will add another 140 million people in the consuming age group by 2023. This is one of the lowest median ages among the developing countries. This population is considered to have more aspirations, is more and better aware and has a higher spending power. Hence, it is expected to also consume a greater number of categories than its parents.

Higher Disposable Income:

High disposable income plays a major role in the growth of any economy. According to the Indian census report, the number of households with an annual income of US\$ 7,000 or more is going to treble from about 30 million as of today to 100 million by 2022. This slates a positive prospect for the sector. With roughly 400 million individuals expected to be in the middle to high income bracket by 2022, it is sure to drive growth in an encouraging direction

Growing media influence/exposure:

Technology has changed the way any piece of information is consumed or shared. From social networking sites to electronic channels, information travels at the speed of light. The changing lifestyle and “Western” culture is also said to have influenced consumer demands and aspirations. People are willing to consume and develop a lifestyle akin to a developed world’s

consumers. Technology is also promoting more informed decisions to be taken. Together these factors contribute and drive to an increased real business value.

Growing share of working women:

With more and more importance being laid to girl education and financial independence socially, there has been a steep rise in the total number of working women in India. An estimated 40-50 million working women, in the

age group of 20-40 years, are expected to be a part of the urban India by 2023. This increased financial independence will lead to a higher decision-making power in household and personal purchasing matters. A good surge has been witnessed with women spending in categories such as apparel, grooming, personal care, eating out and electronic gadgets. This change in mental attitude towards making more and more women independent, it is sure to push growth even higher

E-Commerce:

Over the last decade, E-commerce has gained a significant importance in India. Technology advancements and government's initiatives for digitisation has given the sector a great push. Online platform provides vast opportunities for brand penetration. On the consumer side, E-commerce players provide heavy discounts, easy accessibility, attractive offers, cash on delivery and easy exchange facility, among others. These favourable factors are helping the sector emerge stronger and is estimated to touch 35 billion by 2022.

The promoters are already into export of Terry Towel and are well established. They will be using the same network to export the terry towel produced in the plant. The product will be sold through agents appointed all over the place.

Covid:

In last 18 months, the spread of covid and hygiene factor has increased the consumption of terry towel in US and European countries.

CHAPTER :: V**IMPLEMENTATION SCHEDULE**

Activity	Start	Complete
Procurement of Land		Acquired
Land Development		Done
Foundation of Building	Jan 2022	April 2022
Construction of building	April 2022	July 2022
Machines		
Orders	Mar 2022	July 2022
Receipt of equipment	July 2022	Oct 2022
Assembling Fitting	Sept 2022	Feb 2023
Trial Run		Mar 2023
Commercial Production	Apr 2023	

CHAPTER :: VI**PROJECT COST & MEANS OF FINANCE****A) PROJECT COST**

The total cost of the project is estimated at Rs. 5383.95 Lakh, based on quotations obtained in consultation with technical consultants, for various major plant and machinery items as also suitable contingency provisions provided on these costs.

The different heads of project cost are detailed in the table given below :

Particulars	Amount (Rs. in Lakh)
Plant & Machinery	3995.90
Miscellaneous Fixed Asset	100.00
Electrical fittings	112.10
Contingencies	210.40
Total Plant Cost	4,418.40
Preoperative Expenses	393.42
Margin for Working capital	589.40
Total Project Cost	5401.22

The project comprises of weaving of terry towel with Dyeing and finishing machines.

i) Land & Site Development

The firm has been allotted 10 acres of land at T-24, Addl Amaravati Industrial Area, MIDC, Amravati, Maharashtra. The proposed site is a developed land allotted by MIDC for manufacturing facilities. The total cost for land is Rs. 95 Lakh.

Building

The LLP shall be constructing the building from its own sources and no fund is sought from the Bank. Total estimated cost of the same will be Ra. 1100 lakhs.

ii) Plant & Machine

The plant has weaving machine and related preparatory machines. It also has facility of Dyeing and finishing machines of terry towel grey cloth.

The breakup of the cost is provided in Annexure 1 :

iii) Electrical Fittings

The electrical fittings include transformer etc and the cost break up is as under:

Particulars	QTY (Nos)	Amount (Rs. in Lakhs)
Transformer 33kV / 2000 KVA	1	41.30
VCB 2000 KVA	1	5.90
Servo stabilizers	1	11.80
Electrical Panels & Distribution board	1	17.70
Electrical cables, fittings, lighting fixtures	1	35.40
Total		112.10

iv) Miscellaneous Fixed Assets

Miscellaneous fixed assets include the cost of all utilities viz. furniture fixtures, ventilation & air-conditioning systems, etc. The total estimated cost is Rs 100 Lakh whose break-up given below :

Particulars	Cost (Rs. in Lakh)
Phase : I	
Furniture, office equipment, etc.	10
Computers, Air Conditioners	50
Vehicles	25
Others	15
TOTAL	100

v) Contingency

The cost estimate is based on the budgetary quotations for the majority of the capital equipments and no major change in the cost is expected. Considering these factors, provision for contingency has been estimated at Rs. 210.40 Lakh.

vi) Preoperative Expenditure

A preoperative expenditure of Rs. 323.02 Lakh has been estimated and the break-up of the same is as enclosed.

Particulars	Cost (Rs. in Lakh)
Interest During Construction @ 10.50% p.a.	293.42
Up-Front fee to lenders, documentation charges and other related expenses	50.00
Miscellaneous	50.00
TOTAL	393.42

vii) Interest During Construction

Interest During Construction (IDC) has been calculated assuming the draw down schedule. It is assumed that the promoters' contribution will be brought in proportionate basis. The interest rate for the debt is considered at 10.5% considering the strength of the proposal & promoters.

viii) Margin Money for Working Capital

The working capital margin requirements of the project is estimated at Rs.589.40 Lakh, based on the calculations for the first full year of operations for the project. Most of the buyers of Terry Towel buyers will buy on direct payments. Hence there will be very low collection period and therefore receivables period has been conservatively taken as 30 days. The Raw material stock has been taken at 1 month which will be purchased on cash basis whereas chemicals will be purchased at 1 months credit with inventory of 1 months. Finished Stock is estimated for 1 month and WIP at 0.50 month. Looking at the cycle of production this is reasonable.

The particulars of these requirements are given in Annexure.

B. MEANS OF FINANCE

The project is proposed to be funded from promoter's contribution / internal resources and term loans from banks, financial institutions in the ratio of 2:1.

The proposed means of finance for the project will be as under :

(Rs. In Lakh)

Description	Amount (Rs.)
Promoters' Contribution :	
Equity	2,000.00
Funds Committed by Associate Companies / Corporates	87.22
Sub Total	2,087.22
Term Loan proposed (Rs. / FC)	3,314.00
Total Means of Finance	5401.22

a) Promoters Contribution

The total promoters requirement for the project is projected at Rs. 2,069.37 Lakh. This is expected to be funded as follows :

(Rs. in Lakh)

Sr. No.	Source	Amount (Rs.)
1	Equity	2,000.00
2	Funds from associates / corporate	87.22

The unsecured loans and equity shall be infused by the promoters. The sources of the group companies and the promoters are adequate to provide the funds.

b) Term Loan

The company proposes to raise Foreign Currency / Rupee term loan to the extent of Rs. 33.14 crores from Banks & Financial Institutions to fund the project. The broad terms of the proposed loan is as given below :

Nature of borrowing	Rupee Term Loan
Loan amount	Rs. 33.14 crores
Sublimit-FLC one time	Rs. 25.00 crores
Interest Rate	10.5% p.a. payable monthly
Upfront Fee / Processing Fee /	Rs.25 Lacs
Miscellaneous	
Moratorium Period	18 months from 1 st disbursement
Repayment	6 years from CoD plus moratorium period
Security	First pari-passu charge on all fixed assets of this division of the company.
	Collateral security of Land and building

c) Working Capital Loan :

Working capital requirement for the project will be for procurement of raw material like cotton yarn, chemicals, spares and other current assets to meet recurring expenses. Total working capital requirement for the proposed project for 1st year of operations are estimated at Rs. 1,750 lakh Fund based. BG will be required for Electricity Department. The terms of the proposed facility are as given below:

Nature of borrowing		Working capital facility
Loan Amount	FB	Rs. 1,750 lakh
	BG	Rs. 200 Lakh
Interest Rate		10.5% p.a. payable monthly
Margin		25%
Security		First pari-passu charge on all current assets and second charge on fixed assets of this division of the company.

CHAPTER :: VII**STATEMENT OF PROFITABILITY**

(Rs. In Lacs)

Particulars	Year						
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
1 Sales	7983.81	10030.90	12146.26	12325.38	12325.38	12325.38	12325.38
Less: Excise & Sales Tax	380.18	477.66	578.39	586.92	586.92	586.92	586.92
Net	7603.63	9553.24	11567.87	11738.45	11738.45	11738.45	11738.45
2 Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	7603.63	9553.24	11567.87	11738.45	11738.45	11738.45	11738.45
3 Material Consumed	4234.02	4613.99	5618.22	5536.79	5536.79	5536.79	5536.79
4 Direct Expenses							
Power & Fuel	326.82	381.29	462.99	462.99	462.99	462.99	462.99
Factory Wages	731.59	768.17	806.58	846.90	894.25	938.71	985.40
Repairs & Maintenance	48.12	48.12	48.12	48.12	48.12	48.12	48.12
Consumable Stores	1198.26	1397.97	1697.54	1697.54	1697.54	1697.54	1697.54
Other Expenses	105.85	115.35	140.46	138.42	138.42	138.42	138.42
Depreciation	533.29	533.29	533.29	533.29	533.29	533.29	533.29
5 Cost of Production	7177.94	7858.17	9307.18	9264.05	9311.39	9355.86	9402.54
Less : Increase in Finished Stock\ WIP	761.01	73.33	145.71	0.00	0.00	0.00	0.00
6 Gross Profit	1186.69	1768.39	2406.40	2474.41	2427.06	2382.60	2335.91
	14.86	17.63	19.81	20.08	19.69	19.33	18.95
7 Administration expenses	38.02	47.77	57.84	58.69	58.69	58.69	58.69
8 Selling Expenses	76.04	95.53	115.68	117.38	117.38	117.38	117.38
9 Interest							
Term loan	329.33	279.62	229.91	180.20	130.49	80.78	31.07
Working capital	183.75	215.25	262.50	262.50	262.50	262.50	262.50
Others	105.00	157.50	157.50	157.50	157.50	157.50	157.50
10 Cost of Sales	7149.06	8580.51	9984.89	10040.32	10037.96	10032.71	10029.69
11 Operating Profit	454.56	972.73	1582.98	1698.13	1700.49	1705.74	1708.77
12 Tax	55.76	567.66	513.53	581.93	607.76	630.97	649.79
13 Profit after tax	398.80	405.07	1069.45	1116.20	1092.73	1074.78	1058.97
14 Depreciation added back	533.29	533.29	533.29	533.29	533.29	533.29	533.29
15 Cash Profit	932.09	938.36	1602.73	1649.49	1626.02	1608.06	1592.26
16 Debt Service Coverage Ratio	1.57	1.62	2.61	2.80	2.91	3.05	3.22

CHAPTER :: VIII

CASH FLOW STATEMENT

(Rs. In Lacs)

Particulars	Year							
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Sources								
1. Profit Before tax	0.00	0.00	454.56	972.73	1582.98	1698.13	1700.49	1705.74
2. Depreciation	0.00	0.00	533.29	533.29	533.29	533.29	533.29	533.29
3. Capital	800.00	1100.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Increase in term loan	100.00	3214.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Increase in working capital	0.00	0.00	1750.00	300.00	450.00	0.00	0.00	0.00
6. Increase in Unsecured loans	0.00	1000.00	500.00	0.00	0.00	0.00	0.00	0.00
7. Increase in Current liabilities	0.00	0.00	163.84	189.01	226.77	0.00	0.00	0.00
TOTAL	900.00	5314.00	3401.69	1995.03	2793.04	2231.42	2233.78	2239.03
Application								
1. Increase in Fixed Assets	852.63	5029.46	0.00	0.00	0.00	0.00	0.00	0.00
2. Increase in Inventory	0.00	0.00	1190.82	155.32	268.70	-3.59	0.00	0.00
3. Increase in receivables	0.00	0.00	1330.63	265.60	352.56	29.85	0.00	0.00
4. Income tax	0.00	0.00	55.76	567.66	513.53	581.93	607.76	630.97
5. Repayment of Term loan	0.00	0.00	473.44	473.44	473.44	473.44	473.44	473.44
6. Increase in Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Increase in Advances and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Increase in Preliminary Expenses	0	0.00	0	0	0	0	0	0
TOTAL	852.63	5029.46	3050.66	1462.02	1608.23	1081.63	1081.20	1104.41
Surplus	47.38	284.54	351.03	533.01	1184.81	1149.79	1152.58	1134.62

CHAPTER :: IX**BALANCE SHEET***(Rs. In Lacs)*

Particulars	Year							
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
<u>LIABILITIES</u>								
Capital	900.00	2000.00	2000.00	2000.00	2000.00	2000.00	2000.00	2000.00
Reserves & Surplus	0.00	0.00	398.80	803.87	1873.32	2989.52	4082.25	5157.02
Secured Loans								
Term Loan	100.00	3314.00	2840.56	2367.12	1893.68	1420.24	946.80	473.36
Working Capital Loan	0.00	0.00	1750.00	2050.00	2500.00	2500.00	2500.00	2500.00
Unsecured Loan	0.00	1000.00	1500.00	1500.00	1500.00	1500.00	1500.00	1500.00
Current Liabilities	0.00	0.00	163.84	352.85	579.63	579.63	579.63	579.63
	1000.00	6314.00	8653.20	9073.84	10346.62	10989.38	11608.67	12210.01
<u>ASSETS</u>								
Fixed Assets	947.63	5977.08	5443.79	4910.50	4377.22	3843.93	3310.64	2777.35
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.00	0.00	1190.82	1346.14	1614.85	1611.25	1611.25	1611.25
Debtors	0.00	0.00	1330.63	1596.24	1948.80	1978.65	1978.65	1978.65
Cash & Bank	52.38	336.92	687.95	1220.96	2405.76	3555.55	4708.14	5842.76
Loans & Advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Exp	0	0.00	0	0	0	0	0	0
	1000.00	6314.00	8653.20	9073.84	10346.62	10989.38	11608.67	12210.01

CHAPTER :: X**WORKING CAPITAL ESTIMATION**

(Rs. In Lacs)

Particulars		Year			
		2023-24	2024-25	2022-23	2023-24
Current Assets					
Receivables	30 days	1330.63	1596.24	1948.80	1978.65
Inventory					
Raw Material	1 Month	325.69	379.98	461.40	461.40
Coal	0.5 Month	4.27	4.83	5.6875	5.6875
WIP	0.5 month	162.85	189.99	230.70	230.70
Finished Stock	1 Month	598.16	654.85	775.60	772.00
Consumable Spares	1 Month	99.86	116.50	141.46	141.46
		2521.46	2942.38	3563.64	3589.90
Less : Creditors					
Raw Material		63.98	72.52	85.31	85.31
Consumables	1 Month	99.86	116.50	141.46	141.46
		163.84	189.01	226.77	226.77
Net working capital		2357.62	2753.37	3336.87	3363.13
Margin 25%		589.40	688.34	834.22	840.78
Bank finance		1768.21	2065.03	2502.65	2522.35
Say		1750	2050	2500	2500

CHAPTER :: XI**BREAK EVEN ANALYSIS**

Particulars	Year			
	2023-24	2024-25	2025-26	2026-27
Capacity Utilisation	60%	70%	85%	85%
1. Income				
Sales	7603.63	9553.24	11567.87	11738.45
Increase in Stock	761.01	73.33	145.71	0.00
Total	8364.63	9626.57	11713.58	11738.45
2. Variable cost				
a) Raw Material & Spares	5432.28	6011.96	7315.75	7234.33
b) Power & Fuel 75%	245.11	285.96	347.24	347.24
c) Direct Labour 25%	182.90	192.04	201.64	211.73
d) Other Mfg. Expenses 75%	79.39	86.51	105.34	103.81
e) Repairs & Maintenance 25%	12.03	12.03	12.03	12.03
f) Selling & Administrative Expenses 75%	28.51	35.82	43.38	44.02
g) Interest on Working Capital	183.75	215.25	262.50	262.50
Total	6163.97	6839.59	8287.89	8215.66
3. Contribution	2200.67	2786.98	3425.69	3522.79
4. Fixed Cost				
a) Power & Fuel 25%	81.70	95.32	115.75	115.75
b) Direct Labour 75%	548.69	576.13	604.93	635.18
c) Other Mfg. Expenses 25%	26.46	28.84	35.11	34.60
d) Repairs & Maintenance 75%	36.09	36.09	36.09	36.09
e) Selling & Administrative Expenses 25%	9.50	11.94	14.46	14.67
f) Interest on term loan & Unsecured Loan	434.33	437.12	387.41	337.70
g) Depreciation	533.29	533.29	533.29	533.29
Total	1670.07	1718.72	1727.04	1707.28
Break Even Point	0.76	0.62	0.50	0.48
Cash Break Even	0.52	0.43	0.35	0.33

CHAPTER :: XII**DETAILS OF WORKING****Statement of Sales**

Particulars	Year						
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
A) Terry Towel							
Capacity (per annum) (kg)	3328500	3328500	3328500	3328500	3328500	3328500	3328500
Utilisation	60%	70%	85%	85%	85%	85%	85%
Month	12	12	12	12	12	12	12
Production (MT.)	1997100	2329950	2829225	2829225	2829225	2829225	2829225
Add: Opening Stock	0	166425	194162.5	235768.75	235768.75	235768.75	235768.8
Less: Closing Stock	166425	194162.5	235768.75	235768.75	235768.75	235768.75	235768.8
Available for sale	1830675	2302212.5	2787618.8	2829225	2829225	2829225	2829225
Less: Shrinkage and Seconds	119826	139797	169753.5	169753.5	169753.5	169753.5	169753.5
Less: Seconds Sale	99855	116497.5	141461.25	141461.25	141461.25	141461.25	141461.3
Sale Price Rs. per MT	410	410	410	410	410	410	410
Sale value Rs. in lakh	7423.89	9343.54	11313.24	11483.82	11483.82	11483.82	11483.82
Add: GST @5%	371.19	467.18	565.66	574.19	574.19	574.19	574.19
Total Rs. In Lakh	7795.08	9810.72	11878.90	12058.02	12058.02	12058.02	12058.02
B) Terry Towel Seconds							
Production	99855	116497.5	141461.25	141461.25	141461.25	141461.25	141461.3
Sale Price Rs. per Mt	180	180	180	180	180	180	180
Sale Rs. In lakh	179.74	209.70	254.63	254.63	254.63	254.63	254.63
Add: GST @5%	8.99	10.48	12.73	12.73	12.73	12.73	12.73
Total Rs. In Lakh	188.73	220.18	267.36	267.36	267.36	267.36	267.36

Material Consumed

Particulars	Year						
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Yarn (Kg)	2057013	2399849	2914102	2914102	2914102	2914102	2914102
Rate Rs. per MT	190	190	190	190	190	190	190
Value (Rs. in Lacs)	3908	4560	5537	5537	5537	5537	5537
Add. : GST @ 5%	195	228	277	277	277	277	277
Total	4104	4788	5814	5814	5814	5814	5814
Add. : Closing Stock	326	380	461	461	461	461	461
Less : Opening stock	0	326	380	461	461	461	461
Consumed (Rs. in Lacs)	4234.02	4613.99	5618.22	5536.79	5536.79	5536.79	5536.79

Factory Wages

(Rs. in Lacs)

Particulars	Year						
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Basic	585.27	614.53	645.26	677.52	711.40	746.97	784.32
Add. : 25%	146.32	153.63	161.32	169.38	182.85	191.74	201.08
Total	731.59	768.17	806.58	846.90	894.25	938.71	985.40

Manning Table

Category	Nos.	Rate (P.M)	Amount (Rs.)
General Manager	1	80000	80000
Manager	4	50000	200000
Supervisor & others	32	23000	736000
Labour	305	12250	3736250
Accounts & Admin	5	15000	75000
Security	5	10000	50000
Total			4877250

Statement of Depreciation**A) Companies Act**

Assets	Rate	Cost	Preop exp	Continge- ncy	(Rs. In Lacs)						
					2023- 24	2024- 25	2025- 26	2026- 27	2027- 28	2028- 29	2029- 30
Leasehold Land	---	95.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Plant & Machinery	3.34%	1070.26	0.00	0.00	35.75	35.75	35.75	35.75	35.75	35.75	35.75
Misc. FA	10.34%	3995.90	393.42	210.40	475.61	475.61	475.61	475.61	475.61	475.61	475.61
Elect. fittings	10.34%	100.00			10.34	10.34	10.34	10.34	10.34	10.34	10.34
	10.34%	112.10	0.00	0.00	11.59	11.59	11.59	11.59	11.59	11.59	11.59
Total		5373.26	393.42	210.40	533.29	533.29	533.29	533.29	533.29	533.29	533.29

Depreciation has been provided on straight line method

B) Income Tax

Assets	Rate	Cost	Preop exp	Continge- ncy	(Rs. In Lacs)						
					2023-24	2024- 25	2025- 26	2026- 27	2027- 28	2028- 29	2029- 30
Leasehold Land	0	95.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Plant & Machinery	10.00%	1070.26	0.00	0.00	107.03	96.32	86.69	78.02	70.22	63.20	56.88
Misc. FA	15.00%	3995.90	393.42	210.40	689.96	586.46	498.49	423.72	360.16	306.14	260.22
Elect. fittings	10.00%	100.00	0.00	0.00	10.00	9.00	8.10	7.29	6.56	5.90	6.90
	15%	112.1	0	0	16.82	14.29	12.15	10.33	8.78	7.46	6.34
Total		5373.26	393.42	210.40	823.80	706.08	605.43	519.36	445.72	382.70	330.33

Statement of Interest on Term loan

Particulars	(Rs. in Lacs)						
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Term Loan	3314.00	2840.56	2367.12	1893.68	1420.24	946.80	473.36
Repayment	0.00	473.44	473.44	473.44	473.44	473.44	473.44
Interest	0.00	329.33	279.62	229.91	180.20	130.49	80.78
Total Interest	0.00	329.33	279.62	229.91	180.20	130.49	80.78

Tax Calculation

(Rs. in Lacs)

Particulars	2023-24	2024-25	2025-26	2026-27	2024-25	2028-29	2029-30
Profit before tax	454.56	972.73	1582.98	1698.13	1700.49	1705.74	1708.77
Add: Book Depreciation	533.29	533.29	533.29	533.29	533.29	533.29	533.29
Less: As per Income tax (Depreciation)	823.80	706.08	605.43	519.36	445.72	382.70	330.33
Taxable Income	164.05	1506.01	1510.83	1712.06	1788.06	1856.33	1911.72
Tax @ 33.99%	55.76	567.66	513.53	581.93	607.76	630.97	649.79

Power & Fuel• **Power**

Power	:	1450 KW
Units Per Day	:	21224
Units Per Annum	:	7428400
Cost per Unit	:	3.5

• **Fuel**

Coal	:	6000 kg per day
Rate Per MT	:	Rs. 13000

• **Consumable Stores**

Dyeing & Chemical	:	Rs. 27 Per Kg.
Water / ETP / CETP	:	Rs. 8 Per Kg.
Dyes	:	Rs. 25 Per Kg.

- Other Manufacturing Expenses : 1.5% of Raw Material Cost
- Repair & Maintenance : 1% of Gross Block
- Administrative & Selling Expenses : 0.5% Admin Cost
1% Selling Cost
Packaging Cost Rs.10 Per Kg.
- Interest

Unsecured Loan	:	10.50 %
Working Capital	:	10.50 %
Term Loan	:	10.50 %

CHAPTER :: XIII

SWOT ANALYSIS

Strengths :

- The project is being promoted by Sorabh Agarwal who has been in this business and has good marketing network.
 - The project is being set up at Amravati where Government is promoting textile park as a result all facilities are readily available.
 - The promoters are experienced and financially sound.
 - Favourable textile policy
 - Power subsidy
 - Independent and self-reliant industry
- Abundance of raw material helps control costs, reducing the lead-time across operation
- Presence of low-cost and skilled manpower provides competitive advantage to the industry

Weaknesses :

- Cotton Prices fluctuate with monsoon and thus prices of yarn. Dependence on cotton is huge.
- The firm shall enter into long term supply arrangements The firm shall enter into long term supply arrangements with cotton yarn suppliers.**
- Exports will be subject to exchange risk and fright cost based on oil prices.

The firm shall hedge the exchange rate. Part of the freight cost can be recovered from buyers. Besides margins are reasonable to cover normal rise in cost.

- Economies of scale
Although the size of the plant is smaller than many giants in the industry, the subsidy on electricity and capital subsidy shall reduce the cost.

Opportunities :

- The demand for terry towel is set to increase because of the following factors
 - ✓ Awareness and spending power of consumer in urban, semi urban and rural area..
 - ✓ Elimination of quota restriction leads to greater market development
 - ✓ Growth in Overseas market
 - ✓ E Commerce and growing young population
- New Textile Policy and Government Impetus to textile sector
- Emerging retail industry and malls provide huge opportunities for the apparel, handicraft and other segments of the industry

Threats

- Competition is increasing due to new plants being set up within India and from Bangladesh and other countries

The firm due to various subsidy will have cost advantage. Besides the quality of product will be better due to latest machines being used. Consumer Market is big enough and is growing and hence there is always scope for the established players.

PROJECT REPORT
TERRY TOWEL PROJECT
M/S. MAHI TERRY COT LLP

May 2018

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