

# PROJECT REPORT

## OF

# BANANA SILK FABRIC MANUFACTURING UNIT

### PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Banana Silk Fabric Manufacturing unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]



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**PROJECT AT A GLANCE**

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **BANANA SILK FABRIC**
- 6 Name of the project / business activity proposed : **BANANA SILK FABRIC MANUFACTURING UNIT**
- 7 Cost of Project : Rs.10.75 Lakhs
- 8 Means of Finance
- Term Loan Rs.4.72 Lakhs
- Own Capital Rs.1.08 Lakhs
- Working Capital Rs.4.96 Lakhs
- 9 Debt Service Coverage Ratio : 3.91
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 26%
- 13 Employment : 10 Persons
- 14 Power Requirement : 8.00 KW
- 15 Major Raw materials : Banana Pseudo Stem, Alkaline Solution
- 16 Estimated Annual Sales Turnover : 64.38 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	3.54
Miss Assets	1.00
Furniture & Fixtures	0.70
Working Capital	5.51
<b>Total</b>	<b>10.75</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.08
Working Capital(Finance)	4.96
Term Loan	4.72
<b>Total</b>	<b>10.75</b>

# BANANA SILK FABRIC

## MANUFACTURING UNIT

### 1. INTRODUCTION

Banana is one of the most well-known and useful plants in the world. Almost all the parts of this plant, that are, fruit, leaves, flower bud, trunk, and pseudo-stem, can be utilized. The banana plant's pseudo-stem fibre is similar to pineapple leaf, sisal, and other hard fibres, albeit it is a little more elastic. Musa fibre was once the most popular banana fibre, but the younger inner leaf fibre is coming up fast. The cloth produced from the interior of a banana leaf has several advantages. It's biodegradable, moisture-wicking, wrinkle-resistant, and most importantly, vegan. The fabric is currently expensive and labour-intensive due to the specialized and handcrafted nature of existing banana fibre products. Using traditional handloom methods, the process of converting leaf/stem fibre into fabric is generally electricity-free, resulting in a carbon-neutral product that is also more expensive. Banana “silk” is also less durable than its hemp-like sibling, and requires a light touch much like true silk. Banana fibre is classified as a bast fibre with good mechanical characteristics. However, there hasn't been much research on banana fiber's usage in textiles, and the literature on its use in the fashion industry is sparse.



## **2. USES & MARKET POTENTIAL**

Because banana silk is organic and sustainable, it may be utilised as a substitute for a variety of artificial materials. Banana silk is commonly used as a substitute for silk clothing such as shirts, blouses, sarees, gowns, and so on. It's also utilised in needlework, high-end furniture, and cutting-edge fashion. Banana silk is also used for décor and furnishing that include handicraft products like curtains, doormat, wall- hangings, cushions, table mats.

India is the world's leading banana producer, accounting for around 18% of the total 139 million metric tonnes produced globally (2012). The main banana producing states are Maharashtra and Tamil Nadu. Only 10% of the banana stem waste is converted into fibre, despite the fact that banana farming covers over 500,000 hectares. Farmers that choose to send banana stems to these fibre processing machines will not only be clearing waste at no expense, but will also profit from the money they make.

The quality of Maharashtra-grown banana stems has been undiscovered to be suitable for extracting banana fibre. When compared to fibres from Tamil Nadu and Gujarat, they are of higher quality and have greater brightness and gloss. Global textiles market is expected to cross US\$1 trillion by 2018. India's share in the market is expected to increase from 12.7% in 2013 to 14.9% in 2018 and to 17.9% in 2023.

### **RAW MATERIAL REQUIREMENT**

The major raw materials are as follows:

- Banana Pseudo Stem
- Alkaline Solution

## **MANUFACTURING PROCESS**

The banana fiber is very eco friendly, that's because it is made from the waste products of banana plant which is natural. The process of manufacturing banana silk:

- Extraction (manual and machine)
- Drying
- Spinning and Weaving

## **YIELD OF PRODUCT/PRODUCTION RATIO**

The production capacity of Banana Silk Fabric Manufacturing Unit can be around 150–200 meter per day. Therefore, the Annual production capacity can be around 45000 -60000 meter per annum.

## **3. PROJECT COMPONENTS**

### **3.1 Land /Civil Work**

The land require for this manufacturing unit will be approx. around 1800-2000 square feet. We have not considered the cost of Land purchase & Building Civil work in the project. It is assumed that land & building will be on rent & approx. rental of the same will be Rs. 30000.00 per month.

### **3.2 Plant and Machinery**

<b>S.N.</b>	<b>Description</b>	<b>Amount</b>	<b>Qty</b>	<b>Amount</b>
1	Banana Fiber Extraction Machine	80000	1	80000
2	Yarn Spinning Machine	120000	1	120000
3	Handloom Machine	30000	1	30000
4	Material handling & other equipment's (Soaking Tank, weighing machine, water pump, bins, trolleys, etc.)	-	-	70000
<b>Sub Total</b>				<b>3,00,000</b>
<b>GST</b>				<b>54,000</b>
<b>Total</b>				<b>3,54,000</b>

### **3.3 Power Requirement**

This plant works with three phase AC power supply. 8 KW power load will be required for machineries and other electrical utilities.

### **3.4 Manpower Requirement**

The total manpower required for the operation of Banana Silk Fabric Manufacturing Unit is about 8-12.

## 4. FINANCIALS

<b>PROJECTED BALANCE SHEET</b>						<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>	
<b><i>Liabilities</i></b>						
Capital						
Opening Balance		1.15	1.76	3.00	4.95	
Add:- Own Capital	1.08					
Add:- Retained Profit	2.07	2.91	3.84	4.96	5.93	
Less:- Drawings	2.00	2.30	2.60	3.00	3.50	
Closing Balance	1.15	1.76	3.00	4.95	7.38	
Term Loan	4.19	3.14	2.10	1.05	-	
Working Capital Limit	4.96	4.96	4.96	4.96	4.96	
Sundry Creditors	1.14	1.40	1.68	1.79	1.86	
Provisions & Other Liabilities	0.50	0.60	0.70	0.80	0.90	
<b>TOTAL :</b>	<b>11.94</b>	<b>11.86</b>	<b>12.43</b>	<b>13.55</b>	<b>15.10</b>	
<b><i>Assets</i></b>						
<b>Fixed Assets ( Gross)</b>	5.24	5.24	5.24	5.24	5.24	
Gross Depreciation	0.75	1.39	1.94	2.41	2.81	
<b>Net Fixed Assets</b>	<b>4.49</b>	<b>3.85</b>	<b>3.30</b>	<b>2.83</b>	<b>2.43</b>	
<b>Current Assets</b>						
Sundry Debtors	3.86	3.79	4.23	4.61	5.82	
Stock in Hand	2.79	3.42	4.08	4.80	5.57	
Cash and Bank	0.50	0.40	0.33	0.71	0.58	
Loans and advances/other current assets	0.30	0.40	0.50	0.60	0.70	
<b>TOTAL :</b>	<b>11.94</b>	<b>11.86</b>	<b>12.43</b>	<b>13.55</b>	<b>15.10</b>	

**PROJECTED CASH FLOW STATEMENT****(in Lacs)**

<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>SOURCES OF FUND</u></b>					
Own Margin	1.08				
Net Profit	2.07	2.91	3.84	4.96	6.34
Depriciation & Exp. W/off	0.75	0.64	0.55	0.47	0.40
Increase in Cash Credit	4.96	-	-	-	-
Increase In Term Loan	4.72	-	-	-	-
Increase in Creditors	1.14	0.26	0.28	0.11	0.07
Increase in Provisions & Other liabilities	0.50	0.10	0.10	0.10	0.10
<b>TOTAL :</b>	<b>15.22</b>	<b>3.91</b>	<b>4.77</b>	<b>5.64</b>	<b>6.90</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	5.24				
Increase in Stock	2.79	0.63	0.66	0.73	0.77
Increase in Debtors	3.86	0.07	0.43	0.38	1.21
Increase in loans and advances	0.30	0.10	0.10	0.10	0.10
Repayment of Term Loan	0.52	1.05	1.05	1.05	1.05
Drawings	2.00	2.30	2.60	3.00	3.50
Taxation	-	-	-	-	0.41
<b>TOTAL :</b>	<b>14.72</b>	<b>4.01</b>	<b>4.84</b>	<b>5.25</b>	<b>7.04</b>
Opening Cash & Bank Balance	-	0.50	0.40	0.33	0.71
Add : Surplus	0.50	-0.10	-0.07	0.38	-0.13
Closing Cash & Bank Balance	<b>0.50</b>	<b>0.40</b>	<b>0.33</b>	<b>0.71</b>	<b>0.58</b>



<b>PROJECTED PROFITABILITY STATEMENT</b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Capacity Utilisation %	<b>30%</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>	<b>50%</b>
<b>SALES</b>					
BANANA SILK FABRIC	64.38	81.30	97.51	115.13	134.25
<b>Total</b>	<b>64.38</b>	<b>81.30</b>	<b>97.51</b>	<b>115.13</b>	<b>134.25</b>
<b>COST OF SALES</b>					
Raw material cost	34.20	42.00	50.40	59.67	69.60
Electricity Expenses	1.54	1.84	2.21	2.65	3.19
Depreciation	0.75	0.64	0.55	0.47	0.40
Wages & labour	8.52	10.39	11.95	13.63	14.99
Repair & maintenance	1.61	2.03	2.44	2.88	3.36
Consumables	2.90	3.66	4.39	5.18	6.04
<b>Cost of Production</b>	<b>49.51</b>	<b>60.57</b>	<b>71.94</b>	<b>84.48</b>	<b>97.57</b>
<b>Add: Opening Stock</b>	<b>-</b>	<b>1.65</b>	<b>2.02</b>	<b>2.40</b>	<b>2.82</b>
<b>Less: Closing Stock</b>	<b>1.65</b>	<b>2.02</b>	<b>2.40</b>	<b>2.82</b>	<b>3.25</b>
Cost of Sales	47.86	60.20	71.56	84.06	97.14
<b>GROSS PROFIT</b>	<b>16.52</b>	<b>21.10</b>	<b>25.95</b>	<b>31.07</b>	<b>37.11</b>
Salary to Staff	8.16	9.96	12.24	15.18	18.68
Interest on Term Loan	0.46	0.41	0.29	0.18	0.06
Interest on working Capital	0.55	0.55	0.55	0.55	0.55
Rent	3.60	4.68	5.62	6.18	6.80
Selling & Administration Expenses	1.67	2.60	3.41	4.03	4.70
<b>TOTAL</b>	<b>14.44</b>	<b>18.19</b>	<b>22.11</b>	<b>26.11</b>	<b>30.78</b>
<b>NET PROFIT</b>	<b>2.07</b>	<b>2.91</b>	<b>3.84</b>	<b>4.96</b>	<b>6.34</b>
Taxation	-	-	-	-	0.41
<b>PROFIT (After Tax)</b>	<b>2.07</b>	<b>2.91</b>	<b>3.84</b>	<b>4.96</b>	<b>5.93</b>

<b>CALCULATION OF D.S.C.R</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
CASH ACCRUALS	2.82	3.55	4.39	5.43	6.33
Interest on Term Loan	0.46	0.41	0.29	0.18	0.06
<b>Total</b>	<b>3.29</b>	<b>3.96</b>	<b>4.68</b>	<b>5.60</b>	<b>6.39</b>
<b>REPAYMENT</b>					
Instalment of Term Loan	0.52	1.05	1.05	1.05	1.05
Interest on Term Loan	0.46	0.41	0.29	0.18	0.06
<b>Total</b>	<b>0.99</b>	<b>1.46</b>	<b>1.34</b>	<b>1.23</b>	<b>1.11</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.33</b>	<b>2.72</b>	<b>3.49</b>	<b>4.57</b>	<b>5.76</b>
<b>AVERAGE D.S.C.R.</b>					<b>3.91</b>

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					<b>(in Lacs)</b>	
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>	
<b>Finished Goods</b>						
(10 Days)	1.65	2.02	2.40	2.82	3.25	
<b>Raw Material</b>						
(10 Days)	1.14	1.40	1.68	1.99	2.32	
<b>Closing Stock</b>	<b>2.79</b>	<b>3.42</b>	<b>4.08</b>	<b>4.80</b>	<b>5.57</b>	

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</b>						
<b>TRADITIONAL METHOD</b>					<b>(in Lacs)</b>	
<b>Particulars</b>	<b>Amount</b>	<b>Own Margin</b>		<b>Bank Finance</b>		
Finished Goods & Raw Material	2.79					
Less : Creditors	1.14					
<b>Paid stock</b>	<b>1.65</b>	<b>10%</b>	<b>0.17</b>	<b>90%</b>	<b>1.49</b>	
<b>Sundry Debtors</b>	<b>3.86</b>	<b>10%</b>	<b>0.39</b>	<b>90%</b>	<b>3.48</b>	
	<b>5.51</b>		<b>0.55</b>		<b>4.96</b>	
<b>MPBF</b>					<b>4.96</b>	
<b>WORKING CAPITAL LIMIT DEMAND ( from Bank)</b>					<b>4.96</b>	

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
<b>1st</b>	Opening Balance	-					
	1st month		4.72	4.72	-	-	4.72
	2nd month	4.72	-	4.72	0.04	-	4.72
	3rd month	4.72	-	4.72	0.04	-	4.72
	4th month	4.72	-	4.72	0.04	-	4.72
	5th month	4.72	-	4.72	0.04	-	4.72
	6th month	4.72	-	4.72	0.04	-	4.72
	7th month	4.72	-	4.72	0.04	0.09	4.63
	8th month	4.63	-	4.63	0.04	0.09	4.54
	9th month	4.54	-	4.54	0.04	0.09	4.45
	10th month	4.45	-	4.45	0.04	0.09	4.37
	11th month	4.37	-	4.37	0.04	0.09	4.28
	12th month	4.28	-	4.28	0.04	0.09	4.19
					0.46	0.52	
<b>2nd</b>	Opening Balance						
	1st month	4.19	-	4.19	0.04	0.09	4.10
	2nd month	4.10	-	4.10	0.04	0.09	4.02
	3rd month	4.02	-	4.02	0.04	0.09	3.93
	4th month	3.93	-	3.93	0.04	0.09	3.84
	5th month	3.84	-	3.84	0.04	0.09	3.76
	6th month	3.76	-	3.76	0.03	0.09	3.67
	7th month	3.67	-	3.67	0.03	0.09	3.58
	8th month	3.58	-	3.58	0.03	0.09	3.49
	9th month	3.49	-	3.49	0.03	0.09	3.41
	10th month	3.41	-	3.41	0.03	0.09	3.32
	11th month	3.32	-	3.32	0.03	0.09	3.23
	12th month	3.23	-	3.23	0.03	0.09	3.14
					<b>0.41</b>	<b>1.05</b>	
<b>3rd</b>	Opening Balance						
	1st month	3.14	-	3.14	0.03	0.09	3.06
	2nd month	3.06	-	3.06	0.03	0.09	2.97
	3rd month	2.97	-	2.97	0.03	0.09	2.88
	4th month	2.88	-	2.88	0.03	0.09	2.79
	5th month	2.79	-	2.79	0.03	0.09	2.71
	6th month	2.71	-	2.71	0.02	0.09	2.62
	7th month	2.62	-	2.62	0.02	0.09	2.53
	8th month	2.53	-	2.53	0.02	0.09	2.45
	9th month	2.45	-	2.45	0.02	0.09	2.36
	10th month	2.36	-	2.36	0.02	0.09	2.27
	11th month	2.27	-	2.27	0.02	0.09	2.18
	12th month	2.18	-	2.18	0.02	0.09	2.10
					<b>0.29</b>	<b>1.05</b>	
<b>4th</b>	Opening Balance						

1st month	2.10	-	2.10	0.02	0.09	2.01
2nd month	2.01	-	2.01	0.02	0.09	1.92
3rd month	1.92	-	1.92	0.02	0.09	1.83
4th month	1.83	-	1.83	0.02	0.09	1.75
5th month	1.75	-	1.75	0.02	0.09	1.66
6th month	1.66	-	1.66	0.02	0.09	1.57
7th month	1.57	-	1.57	0.01	0.09	1.48
8th month	1.48	-	1.48	0.01	0.09	1.40
9th month	1.40	-	1.40	0.01	0.09	1.31
10th month	1.31	-	1.31	0.01	0.09	1.22
11th month	1.22	-	1.22	0.01	0.09	1.14
12th month	1.14	-	1.14	0.01	0.09	1.05
				<b>0.18</b>	<b>1.05</b>	
<b>5th</b> Opening Balance						
1st month	1.05	-	1.05	0.01	0.09	0.96
2nd month	0.96	-	0.96	0.01	0.09	0.87
3rd month	0.87	-	0.87	0.01	0.09	0.79
4th month	0.79	-	0.79	0.01	0.09	0.70
5th month	0.70	-	0.70	0.01	0.09	0.61
6th month	0.61	-	0.61	0.01	0.09	0.52
7th month	0.52	-	0.52	0.00	0.09	0.44
8th month	0.44	-	0.44	0.00	0.09	0.35
9th month	0.35	-	0.35	0.00	0.09	0.26
10th month	0.26	-	0.26	0.00	0.09	0.17
11th month	0.17	-	0.17	0.00	0.09	0.09
12th month	0.09	-	0.09	0.00	0.09	-
				<b>0.06</b>	<b>1.05</b>	
DOOR TO DOOR	60	MONTHS				
MORATORIUM PERIOD	6	MONTHS				
REPAYMENT PERIOD	54	MONTHS				

## **10. IMPLEMENTATION SCHEDULE**

### **Implementation Schedule**

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1
2	Procurement & installation of Plant & Machinery	1-2
3	Arrangement of Finance	1-2
4	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	3-4 Months

## **11. ASSUMPTIONS**

- Production Capacity of Banana Silk Fabric is 200 meter/Day. First year, Capacity has been taken @ 30%.
- Working shift of 8 hours per day has been considered.
- Raw Material stock is for 10 days and finished goods Closing Stock has been taken for 10 days.
- Credit period to Sundry Debtors has been given for 12-18 days.
- Credit period by the Sundry Creditors has been provided for 7-10 days.
- Depreciation and Income tax rates has been taken as per the Income tax Act, 1961.
- Interest on working Capital Loan and Term loan has been taken at 11%.
- Arrangement for labour wages has been made as per the prevailing market rates, which may vary from place to place and the minimum wages fixed by the concerned authorized from time to time.

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