

PROJECT REPORT

Of

BANANA FIBRE EXTRACTION PLANT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Banana Fibre Extraction 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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

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 FIBRE YARN**
- 6 Name of the project / business activity proposed : **BANANA FIBRE YARN EXTRACTION PLANT**
- 7 Cost of Project : Rs.11.82 Lakhs
- 8 Means of Finance
- Term Loan Rs.7.2 Lakhs
- Own Capital Rs.1.18 Lakhs
- Working Capital Rs.3.43 Lakhs
- 9 Debt Service Coverage Ratio : 2.96
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 42%
- 13 Employment : 10 Persons
- 14 Power Requirement : 2.00 KW
- 15 Major Raw materials : Dried Banana Sheath, Rubber
Mat, Thread, Colours for Dyeing,
: Salt
- 16 Estimated Annual Sales Turnover (Max Capacity) : 102.03 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Plant & Machinery	1.50
Civil Work	5.00
Furniture & Fixtures	1.50
Working Capital	3.82
Total	11.82

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.18
Working Capital(Finance)	3.43
Term Loan	7.20
Total	11.82

BANANA FIBRE EXTRACTION PLANT

Introduction:

Banana fibre, also known as musa fibre is one of the world's strongest natural fibres. Biodegradable, the natural fibre is made from the stem of the banana tree and is incredibly durable. The fibre consists of thick-walled cell tissue, bonded together by natural gums and is mainly composed of cellulose, hemicelluloses and lignin. Banana fibre is similar to natural bamboo fibre, but its spin ability, fineness and tensile strength are said to be better. Banana fibre can be used to make a number of different textiles with different weights and thicknesses, based on what part of the banana stem the fibre was extracted from. The thicker, sturdier fibres are taken from the banana trees outer sheaths, whereas the inner sheaths result in softer fibres. Banana fibre is more sustainable alternative to silk. Although not many people are aware of its existence or use, banana fibre is not a recent innovation. The fibre consists of thick-walled cell tissue, bonded together by natural gums and is mainly composed of cellulose, hemicelluloses and lignin. Consists of thick-walled cell tissue, bonded together by natural gums and is mainly composed of cellulose, hemicelluloses and lignin. But using banana trees as a source of fibre to make textiles declined as other fibres such as cotton and silk from China and India became increasingly popular. But now banana fibre is making a comeback in the fashion industry.



Uses & Market Potential:

Banana fibre is the natural fibre made out of banana stems used to make handicrafts, ropes, sarees and other garments. Banana fiber is considered to be next revolution in many industries such as textiles and automobile interiors. Some artisans use the fiber to make ropes, handbags, sarees and a variety of handicraft items. But banana papermaking seems to be the only avenue for utilizing this resource most appropriately. If all the banana plants were harvested and their fibre extracted from the trunk, around 2.1 lakh tonnes of the fibre would be available per annum, yielding 1.65 lakh tonnes of handmade paper. Currently, banana fibre is widely used as blending material in the textile sector. There's a high demand for it in countries like United States of America, Malaysia, Korea, European Union and Philippines. Japan's currency, the Yen, is made out of banana fibre. So, exporting banana fibre will bring substantial foreign exchange to India.

Product:

BANANA FIBRE YARN

Raw Material:

1. Dried Banana Sheath
2. Rubber Mat
3. Thread
4. Colours for Dyeing
5. Salt

Manufacturing Process:

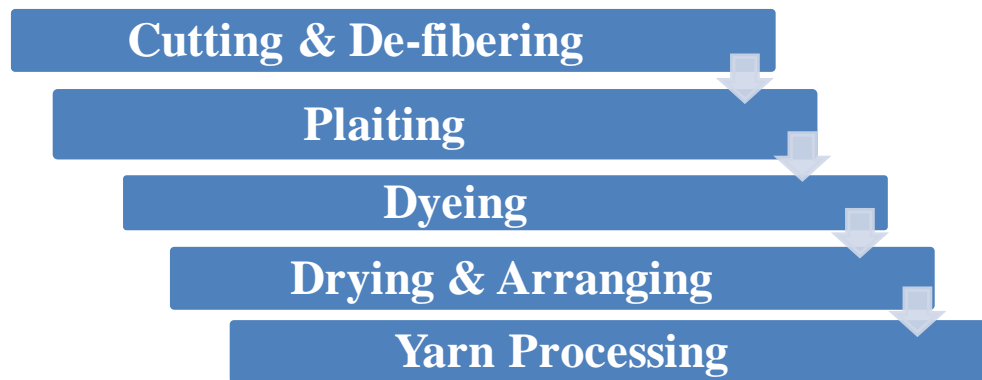


Fig. 1 – Process Flowchart

Area:

Generally, you can operate a small-scale unit with a 1000-1200 Sq Ft of covered area.

Cost of Machines:

S No.	Machine	Unit	Price (INR)
1.	Banana Fibre Seperator Machine	1	1,40,000/-
2.	Clippers	1	8,000/-
3.	Scissors	3	2,000/-
	Total		1,50,000/-

Power Requirement- - The estimated Power requirement is taken at 2 KW.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-6
- Helper- 2
- Sales Personal and Accountant- 2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.17	4.20	5.65	7.19
Add: Additions	1.18	-	-	-	-
Add: Net Profit	2.19	3.84	4.64	5.64	6.02
Less: Drawings	1.20	1.80	3.20	4.10	4.40
Closing Balance	2.17	4.20	5.65	7.19	8.81
CC Limit	3.43	3.43	3.43	3.43	3.43
Term Loan	6.40	4.80	3.20	1.60	-
Sundry Creditors	0.64	0.90	1.01	1.11	1.23
TOTAL :	12.65	13.34	13.29	13.34	13.47
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	8.00	8.00	8.00	8.00	8.00
Gross Dep.	0.76	1.56	2.26	2.88	3.44
Net Fixed Assets	7.24	6.44	5.74	5.12	4.56
Current Assets					
Sundry Debtors	1.74	2.50	2.80	3.09	3.40
Stock in Hand	2.72	3.82	4.25	4.69	5.16
Cash and Bank	0.95	0.58	0.50	0.43	0.34
TOTAL :	12.65	13.34	13.29	13.34	13.47

- - - - -

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	52.20	75.05	84.01	92.78	102.03
Total (A)	52.20	75.05	84.01	92.78	102.03
B) COST OF SALES					
Raw Material Consumed	27.60	38.78	43.20	47.78	52.50
Electricity Expenses	0.18	0.25	0.27	0.29	0.31
Repair & Maintnance	2.61	3.75	4.20	4.64	5.10
Labour & Wages	11.72	15.23	16.76	18.10	19.55
Depreciation	0.76	0.79	0.70	0.62	0.55
Cost of Production	42.87	58.80	65.13	71.43	78.01
Add: Opening Stock /WIP	-	1.80	2.52	2.81	3.10
Less: Closing Stock /WIP	1.80	2.52	2.81	3.10	3.41
Cost of Sales (B)	41.07	58.08	64.85	71.13	77.71
C) GROSS PROFIT (A-B)	11.13	16.97	19.16	21.64	24.32
	21.32%	22.61%	22.81%	23.33%	23.84%
D) Bank Interest i) (Term Loan)	0.78	0.64	0.46	0.29	0.11
ii) Interest On Working Capital	0.38	0.38	0.38	0.38	0.38
E) Salary to Staff	4.91	7.62	9.14	10.24	11.77
F) Selling & Adm Expenses Exp.	2.87	4.50	4.54	5.10	5.61
TOTAL (D+E+F)	8.94	13.14	14.52	16.00	17.87
H) NET PROFIT	2.19	3.84	4.64	5.64	6.45
	4.2%	5.1%	5.5%	6.1%	6.3%
I) Taxation	-	-	-	-	0.43
J) PROFIT (After Tax)	2.19	3.84	4.64	5.64	6.02

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.18	-			
Reserve & Surplus	2.19	3.84	4.64	5.64	6.45
Depreciation & Exp. W/off	0.76	0.79	0.70	0.62	0.55
Increase In Cash Credit	3.43				
Increase In Term Loan	7.20	-	-	-	-
Increase in Creditors	0.64	0.26	0.10	0.11	0.11
TOTAL :	15.41	4.89	5.45	6.37	7.11
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.00	-	-	-	-
Increase in Stock	2.72	1.10	0.43	0.44	0.47
Increase in Debtors	1.74	0.76	0.30	0.29	0.31
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Taxation	-	-	-	-	0.43
Drawings	1.20	1.80	3.20	4.10	4.40
TOTAL :	14.46	5.26	5.53	6.44	7.21
Opening Cash & Bank Balance	-	0.95	0.58	0.50	0.43
Add : Surplus	0.95	- 0.37	- 0.08	- 0.07	- 0.09
Closing Cash & Bank Balance	0.95	0.58	0.50	0.43	0.34

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.80	2.52	2.81	3.10	3.41
<u>Raw Material</u>					
(10 Days requirement)	0.92	1.29	1.44	1.59	1.75
Closing Stock	2.72	3.82	4.25	4.69	5.16

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.72		
Less:			
Sundry Creditors	0.64		
Paid Stock	2.08	0.21	1.87
Sundry Debtors	1.74	0.17	1.57
Working Capital Requirement			3.43
Margin			0.38
MPBF			3.43
Working Capital Demand			3.43

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	7.20	7.20	0.20	-	7.20
	Iind Quarter	7.20	-	7.20	0.20	-	7.20
	IIIrd Quarter	7.20	-	7.20	0.20	0.40	6.80
	Ivth Quarter	6.80	-	6.80	0.19	0.40	6.40
					0.78	0.80	
II	Opening Balance						
	Ist Quarter	6.40	-	6.40	0.18	0.40	6.00
	Iind Quarter	6.00	-	6.00	0.17	0.40	5.60
	IIIrd Quarter	5.60	-	5.60	0.15	0.40	5.20
	Ivth Quarter	5.20	-	5.20	0.14	0.40	4.80
					0.64	1.60	
III	Opening Balance						
	Ist Quarter	4.80	-	4.80	0.13	0.40	4.40
	Iind Quarter	4.40	-	4.40	0.12	0.40	4.00
	IIIrd Quarter	4.00	-	4.00	0.11	0.40	3.60
	Ivth Quarter	3.60	-	3.60	0.10	0.40	3.20
					0.46	1.60	
IV	Opening Balance						
	Ist Quarter	3.20	-	3.20	0.09	0.40	2.80
	Iind Quarter	2.80	-	2.80	0.08	0.40	2.40
	IIIrd Quarter	2.40	-	2.40	0.07	0.40	2.00
	Ivth Quarter	2.00	-	2.00	0.06	0.40	1.60
					0.29	1.60	
V	Opening Balance						
	Ist Quarter	1.60	-	1.60	0.04	0.40	1.20
	Iind Quarter	1.20	-	1.20	0.03	0.40	0.80
	IIIrd Quarter	0.80	-	0.80	0.02	0.40	0.40
	Ivth Quarter	0.40	-	0.40	0.01	0.40	- 0.00
					0.11	1.60	

Door to Door Period 60 Months

Moratorium Period 6 Months

Repayment Period 54 Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	2.95	4.63	5.35	6.26	6.57
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	3.73	5.27	5.81	6.55	6.68
REPAYMENT					
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	1.58	2.24	2.06	1.89	1.71
DEBT SERVICE COVERAGE R.	2.36	2.35	2.82	3.47	3.91
AVERAGE D.S.C.R.			2.96		

Assumptions:

1. Production Capacity of Banana Fibre Yarn Extraction is 100 Kg per day. First year, Capacity has been taken @ 40%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 10 days.
5. Credit period by the Sundry Creditors has been provided for 7 days.
6. Depreciation and Income tax has been taken as per the Income tax Act, 1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 2 KW.
10. Selling Prices & Raw material costing has been increased by 2% & 2% respectively in the subsequent years

DISCLAIMER

The views expressed in this Project Report are advisory in nature. SAMADHAN assume no financial liability to anyone using the content for any purpose. All the materials and content contained in Project report is for educational purpose and reflect the views of the industry which are drawn from various research material sources from internet, experts, suppliers and various other sources. The actual cost of the project or industry will have to be taken on case to case basis considering specific requirement of the project, capacity and type of plant and other specific factors/cost directly related to the implementation of project. It is intended for general guidance only and must not be considered a substitute for a competent legal advice provided by a licensed industry professional. SAMADHAN hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content, which is provided as is, and without warranties.