



MODEL PROJECT REPORT



PROJECT REPORT ON BOUTIQUE

SWAVALAMBI BHARAT ABHIYAN

PROJECT REPORT
BOUTIQUE
(WOMEN DESIGNER WEAR)

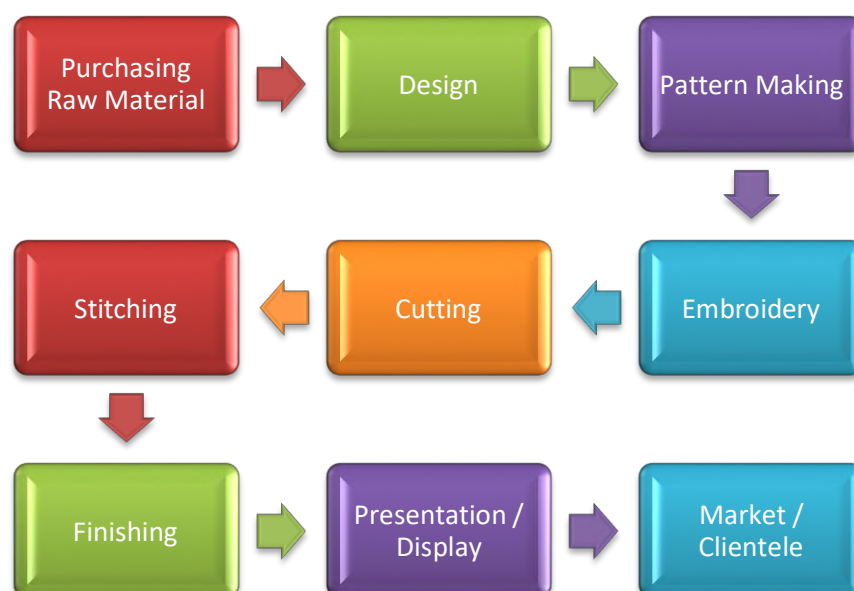


INTRODUCTION

This pre-feasibility study provides information on key facets of starting a Boutique business for Women Designer Wear. Growing number of boutiques have become an emblem of successful clothes business in India. Most people especially women prefer them over ordinary garment brands. There has been a mushroom growth in women designer wear boutiques since the last decade as they offer versatility and sophistication. This trend is not confined to metropolis alone but has also spread to small cities and towns. The rise is attributed to a growing middle class, exposure to media, entertainment, movies, internet and also to a fleet of qualified fashion designers graduating from fashion schools every year. Aspiring fashion graduates or potential entrepreneurs may find this growing sector a good prospect to capitalize on their potential, talent and market opportunity. In order to facilitate the potential investors, this document provides the basic information regarding business operations of apparel designing, manufacturing, marketing and selling of women wear in India.

Production Process Flow

The process of converting fabric into designer wear garments mainly follows the below mentioned sequence:



Installed & Operational Capacities

The boutique business's installed capacity will largely depend on the market size it will operate in and the potential clientele. On average, a designer can draw / design 300 designs per annum from which around 280 designs are selected on average

The pre-feasibility study is based on six (6) machines (single needle), two (2) over-lock machines, one (1) embroidery machine, with an operational capacity of manufacturing 6000 dresses per annum. However, capacity utilization during first year of operation is assumed at 60%, Capacity utilization growth rate of 10% is considered for subsequently years. This production and sales capacity is estimated to be economically viable and justifies the capital as well as operational costs of the project.

Breakup of the total number of dresses will be as follows:

Total designs selected by Designer	280
No of size in each design	4
No of dresses in each size	4
Total readymade dresses	4,480
Made to measure dresses	1,520
Total Dresses	6,000

CRITICAL FACTORS

Following are the factors critical for the success of this business venture;

- Selection of a good location for the outlet.
 - Ability to produce / acquire unique designs and safe guarding such design from piracy.
 - Selection of affordable and quality raw materials i.e. fabric, accessories, etc.
 - Emphasis on quality i.e. stitching and finishing, appropriate labelling, display and packaging.
 - Marketing and promotion through various channels i.e. catalogues / pamphlets, outdoor advertisement, hoardings / flex signs, TV & cable ads, fashion shows, participation in exhibitions, promotion through social media (Facebook etc.).
 - Right product mix, proper inventory management, emphasis on customer services.
 - Employing and retaining skilled labour.
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- Higher return on investment and a steady growth of business is expected with the entrepreneur having some prior experience in the related field of business.

GEOGRAPHICAL POTENTIAL FOR INVESTMENT

The recommended location for setting up a boutique business will be a posh or semi-posh area of a metropolitan city across India that can offer easy access of customers to the outlet. It is further recommended that the proposed location should be taken on rent.

POTENTIAL TARGET MARKETS

The potential target market for the Designer's Dresses would be females of age group, 14 years and above, belonging to middle and upper middle-income family groups who generally prefer to buy the dresses with unique designs. The middle and upper-middle family income groups dominate the overall urban population in India. This phenomenon provides an ample opportunity for the investment in this sector. In addition to the domestic market there is a good potential for exports of Indian dresses as there is a large population of India expatriates in USA,UAE,UK,Canada etc

PROJECT COST SUMMARY

A detailed financial model has been developed to analyse the commercial viability of Boutique (Women Designer Wear). Various costs and revenues related assumptions along with results of the analysis are outlined in this section.

The projected Income Statement, Cash Flow Statement and Balance Sheet are also attached as annexure.

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur XXXXXXX
- 2 Constitution (legal Status) XXXXXXX
- 3 Father's/Spouse's Name XXXXXXX
- 4 Unit Address : XXXXXXX

Taluk/Block: XXXXX
 District : XXXXX
 Pin: XXXXX
 E-Mail : XXXXX
 Mobile XXXXX

State: XXXXX
- 5 Product and By Product : **Boutique(Women's Designer wear)**
- 6 Name of the project / business activity proposed **Boutique(Women's Designer wear)**
- 7 Cost of Project : Rs25.00 lac
- 8 Means of Finance

Term Loan Rs.11.57 Lacs
 KVIC Margin Money - As per Project Eligibility
 Own Capital Rs.1.99 Lacs
 Working Capital Rs.6.37 Lacs
- 9 Debt Service Coverage Ratio : 7.60
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 32%
- 13 Employment : 13 Persons
- 14 Power Requirement : 8.00 HP
- 15 Major Raw materials : Cloth material and accessories
- 16 Estimated Annual Sales Turnover : 126.58 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (2500 Sq ft)	4.00
Plant & Machinery	6.68
Furniture & Fixtures	1.50
Pre-operative Expenses	0.68
Working Capital Requirement	7.08
Total	19.94

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	1.99
Term Loan	11.57
Workign Capital Finance	6.37
Total	19.94

Beneficiary's Margin Monery
(% of Project Cost)

General
10%

Special
5%

PLANT & MACHINERY

Single Needle Lock Stitching Machine	6	60,000	360,000
Over Lock Machine	2	45,000	90,000
Embroidery Machine	1	75,000	75,000
Generator for Workshop 6 KW	1	75,000	75,000
Generator for Outlet (2.5 KVA)	1	40,000	40,000
Scissors	12	1000	12,000
Embroidery Frame Set (4 to 5 Pieces)	1	10,000	10,000
Chalks (Pack)	5	150	750
Cutting Scales and Measuring Scales	15		5250
Total			668,000

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	1.99	1.99	1.99	1.99	1.99
Retained Profit	12.56	26.27	41.54	59.75	80.70
Term Loan	11.57	8.68	5.79	2.89	1.45
Cash Credit	6.35	6.35	6.35	6.35	6.35
Sundry Creditors	6.30	7.35	8.40	9.45	10.50
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	39.14	51.04	64.51	80.91	101.52
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	12.18	12.18	12.18	12.18	12.18
Gross Dep.	1.48	2.83	4.01	5.03	5.92
Net Fixed Assets	10.70	9.35	8.17	7.15	6.26
Current Assets					
Sundry Debtors	8.86	10.55	12.06	13.57	15.08
Stock in Hand	4.52	8.07	9.23	10.38	11.53
Cash and Bank	12.56	20.32	32.03	46.49	64.98
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	39.14	51.04	64.51	80.91	101.52
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	126.58	150.70	172.30	193.90	215.50
Total (A)	126.58	150.70	172.30	193.90	215.50
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	90.00	105.00	120.00	135.00	150.00
Elecricity Expenses	2.84	3.31	3.79	4.26	4.73
Repair & Maintenance	-	1.51	1.72	1.94	2.15
Labour & Wages	13.20	14.52	15.97	17.57	19.33
Depriciation	1.48	1.35	1.18	1.02	0.89
Consumables and Other Expenses	2.53	3.01	3.45	3.88	4.31
Cost of Production	110.05	128.71	146.10	163.67	181.41
Add: Opening Stock /WIP	-	2.42	2.82	3.23	3.63
Less: Closing Stock /WIP	2.42	2.82	3.23	3.63	4.03
Cost of Sales (B)	107.63	128.31	145.70	163.27	181.01
C) GROSS PROFIT (A-B)	18.95	22.39	26.60	30.63	34.48
	15%	15%	15%	16%	16%
D) Bank Interest (Term Loan)	0.98	1.04	0.71	0.37	0.06
Bank Interest (C.C. Limit)	0.64	0.64	0.64	0.64	0.64
E) Salary to Staff	2.24	2.47	2.72	2.99	3.29
F) Selling & Adm Expenses Exp.	2.53	3.01	3.45	3.88	4.31
TOTAL (D+E)	6.39	7.16	7.50	7.87	8.29
H) NET PROFIT	12.56	15.23	19.09	22.76	26.19
I) Taxation	-	1.52	3.82	4.55	5.24
J) PROFIT (After Tax)	12.56	13.71	15.27	18.20	20.95

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	1.99	-			
Reserve & Surplus	12.56	15.23	19.09	22.76	26.19
Depriciation & Exp. W/off	1.48	1.35	1.18	1.02	0.89
Increase in Cash Credit	6.35	-	-	-	-
Increase In Term Loan	11.57	-	-	-	-
Increase in Creditors	6.30	1.05	1.05	1.05	1.05
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	40.61	17.67	21.36	24.87	28.18
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	12.18	-	-	-	-
Increase in Stock	4.52	3.55	1.15	1.15	1.15
Increase in Debtors	8.86	1.69	1.51	1.51	1.51
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	2.89	2.89	2.89	1.45
Taxation	-	1.52	3.82	4.55	5.24
TOTAL :	28.06	9.91	9.65	10.41	9.68
Opening Cash & Bank Balance	-	12.56	20.32	32.03	46.49
Add : Surplus	12.56	7.76	11.71	14.46	18.50
Closing Cash & Bank Balance	12.56	20.32	32.03	46.49	64.98

COMPUTATION OF MANUFACTURING OF Women Designer Wear**Items to be Manufactured**

Women Designer Wear

Manufacturing Capacity per day	-	20	Dresses
No. of Working Hour		8	
No of Shift per day		1	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		6,000.00	Dresses
Year		Capacity	
		Utilisation	
			Dresses
IST YEAR		60%	3,600
IIND YEAR		70%	4,200
IIIRD YEAR		80%	4,800
IVTH YEAR		90%	5,400
VTH YEAR		100%	6,000

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of	Recovery	Unit Rate of	Total Cost
		Raw Material		of RM	Per Annum (100%)
Cloth material other accessoroes and packaging	100%	6,000.00	100%	2,500.00	150.00
Total (Rounded off in lacs)					150.00
Annual Consumption cost	(In Lacs)				
					150.00

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	60%	90.00
IIND YEAR	70%	105.00
IIIRD YEAR	80%	120.00
IVTH YEAR	90%	135.00
VTH YEAR	100%	150.00

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>Finished Goods</u>					
(15 Days requirement)	2.42	2.82	3.23	3.63	4.03
<u>Raw Material</u>					
(15 Days requirement)	2.10	5.25	6.00	6.75	7.50
Closing Stock	4.52	8.07	9.23	10.38	11.53

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			4.52
Sundry Debtors			8.86
		Total	13.38
Sundry Creditors			6.30
Working Capital Requirement			7.08
Margin			0.73
Working Capital Finance			6.35

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Master Tailor		12,500.00	2	25,000.00
Stitching Master/tailor		10,000.00	6	60,000.00
Design Asstt and purchaser		15,000.00	1	15,000.00
				100,000.00
Add: 10% Fringe Benefit				10,000.00
Total Labour Cost Per Month			-	110,000.00
Total Labour Cost for the year (In Rs. Lakhs)			9.00	13.20

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Supervisor		10,000.00	1	10,000.00
Sales Man		7,000.00	1	7,000.00
Accountant		8,000.00	1	8,000.00
Misc staff		15,000.00	1	15,000.00
Total Salary Per Month				17,000.00
Add: 10% Fringe Benefit				1,700.00
Total Salary for the month				18,700.00
Total Salary for the year (In Rs. Lakhs)			4.00	2.24

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	4.00	6.68	1.50	12.18
	-	4.00	6.68	1.50	12.18
Less : Depreciation	-	0.40	1.00	0.08	1.48
WDV at end of Ist year	-	3.60	5.68	1.43	10.70
Additions During The Year	-	-	-	-	-
	-	3.60	5.68	1.43	10.70
Less : Depreciation	-	0.36	0.85	0.14	1.35
WDV at end of IIInd Year	-	3.24	4.83	1.28	9.35
Additions During The Year	-	-	-	-	-
	-	3.24	4.83	1.28	9.35
Less : Depreciation	-	0.32	0.72	0.13	1.18
WDV at end of IIIrd year	-	2.92	4.10	1.15	8.17
Additions During The Year	-	-	-	-	-
	-	2.92	4.10	1.15	8.17
Less : Depreciation	-	0.29	0.62	0.12	1.02
WDV at end of IV year	-	2.62	3.49	1.04	7.15
Additions During The Year	-	-	-	-	-
	-	2.62	3.49	1.04	7.15
Less : Depreciation	-	0.26	0.52	0.10	0.89
WDV at end of Vth year	-	2.36	2.96	0.93	6.26

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	11.57	11.57	-	-	11.57
	Iind Quarter	11.57	-	11.57	0.33	-	11.57
	IIIRD Quarter	11.57	-	11.57	0.33	0.72	10.85
	Ivth Quarter	10.85	-	10.85	0.31	0.72	10.13
IIND YEAR					0.98	1.45	
	Opening Balance						
	Ist Quarter	10.13	-	10.13	0.29	0.72	9.40
	Iind Quarter	9.40	-	9.40	0.27	0.72	8.68
	IIIRD Quarter	8.68	-	8.68	0.25	0.72	7.96
IIIRD YEAR	Ivth Quarter	7.96		7.96	0.23	0.72	7.23
					1.04	2.89	
	Opening Balance						
	Ist Quarter	7.23	-	7.23	0.21	0.72	6.51
	Iind Quarter	6.51	-	6.51	0.19	0.72	5.79
IVTH YEAR	IIIRD Quarter	5.79	-	5.79	0.17	0.72	5.06
	Ivth Quarter	5.06		5.06	0.15	0.72	4.34
					0.71	2.89	
	Opening Balance						
	Ist Quarter	4.34	-	4.34	0.12	0.72	3.62
VTH YEAR	Iind Quarter	3.62	-	3.62	0.10	0.72	2.89
	IIIRD Quarter	2.89	-	2.89	0.08	0.72	2.17
	Ivth Quarter	2.17		2.17	0.06	0.72	1.45
					0.37	2.89	
	Opening Balance						
	Ist Quarter	1.45	-	1.45	0.04	0.72	0.72
	Iind Quarter	0.72	-	0.72	0.02	0.72	- 0.00
	IIIRD Quarter	- 0.00	- -	0.00 -	0.00	- -	0.00
	Ivth Quarter	- 0.00	-	0.00 -	0.00	- -	0.00
					0.06	1.45	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	14.04	15.06	16.45	19.23	21.84
Interest on Term Loan	0.98	1.04	0.71	0.37	0.06
Total	15.01	16.10	17.16	19.60	21.91
<u>REPAYMENT</u>					
Instalment of Term Loan	2.89	2.89	2.89	1.45	1.45
Interest on Term Loan	0.98	1.04	0.71	0.37	0.06
Total	3.87	3.93	3.60	1.82	1.51
DEBT SERVICE COVERAGE RATIO	3.88	4.09	4.76	10.76	14.52
AVERAGE D.S.C.R.			7.60		

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	84	98	112	126
Production	3,600	4,200	4,800	5,400	6,000
	3,600	4,284	4,898	5,512	6,126
Less : Closing Stock	84	98	112	126	140
Net Sale	3,516	4,186	4,786	5,386	5,986
Sale Price per dress	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00
Sale (in Lacs)	126.58	150.70	172.30	193.90	215.50

COMPUTATION OF ELECTRICITY**(A) POWER CONNECTION**

Total Working Hour per day	Hours	8	
Electric Load Required		8	
Load Factor		0.7460	
Electricity Charges	per unit	8.00	
Total Working Days		300	
Electricity Charges (8 Hrs Per day)			114,585.60
Add : Minimim Charges (@ 10%)			

(B) D.G. SET

No. of Working Days		300	days
No of Working Hours		2	Hour per day
Total no of Hour		600	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		4,800	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		3.12	
Add : Lube Cost @15%		0.47	
Total		3.59	
Total cost of Power & Fuel at 100%			4.73

Year	Capacity	Amount (in Lacs)
IST YEAR	60%	2.84
IIND YEAR	70%	3.31
IIIRD YEAR	80%	3.79
IVTH YEAR	90%	4.26
VTH YEAR	100%	4.73

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	126.58	150.70	172.30	193.90	215.50
Less : Op. WIP Goods	-	2.42	2.82	3.23	3.63
Add : Cl. WIP Goods	2.42	2.82	3.23	3.63	4.03
Total Sales	129.00	151.10	172.70	194.30	215.90
Variable & Semi Variable Exp.					
Raw Material & Tax	90.00	105.00	120.00	135.00	150.00
Electricity Exp/Coal Consumption at 85%	2.41	2.82	3.22	3.62	4.02
Manufacturing Expenses 80%	2.03	3.62	4.14	4.65	5.17
Wages & Salary at 60%	9.27	10.19	11.21	12.33	13.57
Selling & administrative Expenses 80%	2.03	2.41	2.76	3.10	3.45
Intt. On Working Capital Loan	0.64	0.64	0.64	0.64	0.64
Total Variable & Semi Variable Exp	106.37	124.67	141.96	159.35	176.85
Contribution	22.63	26.43	30.74	34.95	39.05
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.51	0.90	1.03	1.16	1.29
Electricity Exp/Coal Consumption at 15%	0.43	0.50	0.57	0.64	0.71
Wages & Salary at 40%	6.18	6.80	7.47	8.22	9.04
Interest on Term Loan	0.98	1.04	0.71	0.37	0.06
Depreciation	1.48	1.35	1.18	1.02	0.89
Selling & administrative Expenses 20%	0.51	0.60	0.69	0.78	0.86
Total Fixed Expenses	10.07	11.19	11.65	12.20	12.86
Capacity Utilization	75%	80%	85%	90%	95%
OPERATING PROFIT	12.56	15.23	19.09	22.76	26.19
BREAK EVEN POINT	33%	34%	32%	31%	31%
BREAK EVEN SALES	57.41	64.00	65.44	67.80	71.10