



MODEL PROJECT REPORT



PROJECT REPORT ON BABY GARMENTS SMALL

SWAVALAMBI BHARAT ABHIYAN

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxx

District : xxxxxxxx
 Pin: xxxxxxxx State: xxxxxxxx
 Mobile xxxxxxxx
- 5 Product and By Product : **BABY GARMENTS SMALL**
- 6 Name of the project / business activity proposed : **BABY GARMENTS MANUFACTURING UNIT**
- 7 Cost of Project : Rs.21.57 Lakhs
- 8 Means of Finance

Term Loan Rs.13.41 Lakhs
 KVIC MARGIN MONEY As per Project Eligibility
 Own Capital Rs.2.16 Lakhs
 Working Capital Rs 6 Lakhs
- 9 Debt Service Coverage Ratio : 2.23
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 53%
- 13 Employment : 21 Persons
- 14 Power Requirement : 5 KW
- 15 Major Raw materials : Cloth Material, Fancy Buttons , Needles etc
- 16 Estimated Annual Sales Turnover (Max Utilized Capacity) : 134.94 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 1000 sq ft	2.00
Plant & Machinery	11.65
Furniture & Fixtures	1.25
Working Capital Requirement	6.67
Total	21.57

MEANS OF FINANCE

Particulars	Amount
Own Contribution@10%	2.16
Term Loan	13.41
Working Capital	6.00
Total	21.57

General **Special**
10% 5%

Beneficiary Margin Money
(% of Project Cost)

PROJECT REPORT ON BABY GARMENTS



INTRODUCTION:

Gone are the days when parents used to wrap babies in cotton sheets or old / used dupatta. With growing awareness and ambitions, the parents are more than willing to spend a large part of their income & saving on needs of their children. Since arrival of a new baby is a big occasion in the family, the parents and relatives happily spend more and more to pamper the babies.

PRODUCT & ITS APPLICATION:

Baby garments like frocks, T-shirts, Vests, under-wears and articles like face napkins, baby towels and baby blankets are used for clothing and hygiene requirements of new born babies. While there are some gender specific products like frocks or shirts, many textile products for children are gender neutral like blankets, towels, vests, underwear etc.

INDUSTRY OUTLOOK & TRENDS:

A baby's birth is an important event in every family. Not just parents but grandparents, friends and relatives of the blessed family shower baby with various gifts, garments being the most common of these. Strong trend to celebrate baby-shower, baby's birth and her first birthday has led to growing demand for baby garments. Increasing income levels, growth in ratio of working women and aspiration to give child a better life has also brought a boom in spending on the baby garments.

RAW MATERIAL REQUIREMENTS:

The main raw material required for baby garment is cotton fabric. While some baby garments can also be made from polyester or blended fabrics, the parents avoid using such products as baby's skin is generally allergic to man-made fibers and its use may cause rashes or irritation leading to discomfort or disruption in sleep cycles. Even baby blankets and towels are made from cotton knit fabric for the same reason. Cotton knit and woven fabric is available in every major city through fabric dealers or textile mills.

MANUFACTURING PROCESS:

The fabric purchased in roll form is spread in layers on the cutting table. Patterns of various parts of the garment made out of card board or plywood or metal are laid on the fabric in such a way that wastage of fabric is minimized. Several layers of fabric are then cut through vertical motorized blade. Garments are stitched in assembly line manner wherein each machine operator completes only a part of the product. The stitching starts on the 1st machine and gets completed at the last stage where the product is inspected for quality defects if any. Garments are then cleaned of loose yarn or dirt and packed in plastic bags as per customer requirements.

STATUTORY APPROVALS:

The project does not require any specific government approval. Registration with MSME is optional. An Entrepreneur may be required to obtain Shops & Establishment Registration and Professional Tax registration by local Municipal authorities. Registration under Factories Act, Provident Fund Act and ESI provisions would be required depending upon the number of employees, the location, the level of mechanization and the age of the enterprise. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

BACKWARD OR FORWARD INTEGRATION:

As the machines used in the project are versatile, the Entrepreneur can also consider manufacture of home furnishing articles like bed sheets, pillow covers, wall hangings etc depending on opportunities in the market he / she is familiar with.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.14	4.51	6.88	10.37
Add: Additions	2.16	-	-	-	-
Add: Net Profit	1.69	3.37	5.37	7.48	9.35
Less: Drawings	0.70	2.00	3.00	4.00	6.00
Closing Balance	3.14	4.51	6.88	10.37	13.72
CC Limit	6.00	6.00	6.00	6.00	6.00
Term Loan	11.92	8.94	5.96	2.98	-
Sundry Creditors	0.81	0.92	1.04	1.17	1.31
TOTAL :	21.88	20.38	19.89	20.52	21.04
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	14.90	14.90	14.90	14.90	14.90
Gross Dep.	2.07	3.85	5.38	6.69	7.81
Net Fixed Assets	12.83	11.05	9.52	8.21	7.09
<u>Current Assets</u>					
Sundry Debtors	1.92	2.26	2.52	2.83	3.15
Stock in Hand	5.98	6.56	7.36	8.23	9.17
Cash and Bank	1.15	0.51	0.48	1.25	1.62
TOTAL :	21.88	20.38	19.89	20.52	21.04
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	82.08	96.74	107.97	121.10	134.94
Total (A)	82.08	96.74	107.97	121.10	134.94
B) COST OF SALES					
Raw Mateiral Consumed	48.60	55.28	62.51	70.33	78.76
Electricity Expenses	1.08	1.17	1.26	1.35	1.44
Repair & Maintenance	0.41	0.48	0.54	0.61	0.67
Labour & Wages	18.88	20.76	22.84	25.12	27.64
Depreciation	2.07	1.78	1.53	1.31	1.13
Cost of Production	71.04	79.48	88.68	98.71	109.64
Add: Opening Stock /WIP	-	3.55	3.80	4.24	4.72
Less: Closing Stock /WIP	3.55	3.80	4.24	4.72	5.24
Cost of Sales (B)	67.49	79.23	88.24	98.23	109.12
C) GROSS PROFIT (A-B)	14.59	17.51	19.74	22.86	25.82
	17.78%	18.10%	18.28%	18.88%	19.13%
D) Bank Interest (Term Loan)	1.45	1.19	0.86	0.53	0.20
ii) Interest On Working Capital	0.66	0.66	0.66	0.66	0.66
E) Salary to Staff	7.92	8.71	9.58	10.54	11.60
F) Selling & Adm Expenses Exp.	2.87	3.58	3.24	3.51	3.78
TOTAL (D+E)	12.91	14.14	14.34	15.25	16.24
G) NET PROFIT	1.69	3.37	5.39	7.61	9.58
	2.1%	3.5%	5.0%	6.3%	7.1%
H) Taxation	-	-	0.02	0.13	0.23
I) PROFIT (After Tax)	1.69	3.37	5.37	7.48	9.35

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution@10%	2.16	-			
Net Profit	1.69	3.37	5.39	7.61	9.58
Depreciation & Exp. W/off	2.07	1.78	1.53	1.31	1.13
Increase In Cash Credit	6.00				
Increase In Term Loan	13.41	-	-	-	-
Increase in Creditors	0.81	0.11	0.12	0.13	0.14
TOTAL :	26.14	5.26	7.04	9.05	10.85
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	14.90	-	-	-	-
Increase in Stock	5.98	0.58	0.80	0.87	0.94
Increase in Debtors	1.92	0.34	0.26	0.31	0.32
Repayment of Term Loan	1.49	2.98	2.98	2.98	2.98
Taxation	-	-	0.02	0.13	0.23
Drawings	0.70	2.00	3.00	4.00	6.00
TOTAL :	24.99	5.90	7.06	8.29	10.47
Opening Cash & Bank Balance	-	1.15	0.51	0.48	1.25
Add : Surplus	1.15	- 0.65	- 0.02	0.77	0.37
Closing Cash & Bank Balance	1.15	0.51	0.48	1.25	1.62

COMPUTATION OF PRODUCTION OF BABY GARMENTS

Item to be Manufactured Baby garments

Manufacturing Capacity per Day		300	pcs
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		90,000	pcs
Year		Capacity	BABY GARMENTS SMALL
		Utilisation	
I		60%	54,000
II		65%	58,500
III		70%	63,000
IV		75%	67,500
V		80%	72,000

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
Cloth Material	90,000	rm	90	8,100,000.00
Total	90,000.00			8,100,000.00
Total Raw material in Rs lacs	at 100% Capacity			81.00
Cost per Pcs			(In Rs)	90.00
Raw Material Consumed	Capacity Utilisation	Rate	Amount (Rs.)	
I	60%	90.00	48.60	
II	65%	94.50	55.28	5% Increase in Cost
III	70%	99.23	62.51	5% Increase in Cost
IV	75%	104.19	70.33	5% Increase in Cost
V	80%	109.40	78.76	5% Increase in Cost

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	2,700.00	2,925.00	3,150.00	3,375.00
Production	54,000.00	58,500.00	63,000.00	67,500.00	72,000.00
	54,000.00	61,200.00	65,925.00	70,650.00	75,375.00
Less : Closing Stock(15 Days)	2,700.00	2,925.00	3,150.00	3,375.00	3,600.00
Net Sale	51,300.00	58,275.00	62,775.00	67,275.00	71,775.00
Sale Price per pcs	160.00	166.00	172.00	180.00	188.00
Sale (in Lacs)	82.08	96.74	107.97	121.10	134.94

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	3.55	3.80	4.24	4.72	5.24
Raw Material					
(15 Days requirement)	2.43	2.76	3.13	3.52	3.94
Closing Stock	5.98	6.56	7.36	8.23	9.17

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	5.98		
Less:			
Sundry Creditors	0.81		
Paid Stock	5.17	0.52	4.65
Sundry Debtors	1.92	0.19	1.72
Working Capital Requirement			6.38
Margin			0.71
MPBF			6.38
Working Capital Demand			6.00

BREAK UP OF LABOUR

Particulars	Wages Per Month	No of Employees	Total Salary
Supervisor	15,000.00	1	15,000.00
Plant Operator	12,000.00	3	36,000.00
Skilled Worker	10,000.00	3	30,000.00
Unskilled Worker	8,000.00	4	32,000.00
Helper	6,000.00	5	30,000.00
			143,000.00
Add: 10% Fringe Benefit			14,300.00
Total Labour Cost Per Month			157,300.00
Total Labour Cost for the year (In Rs. Lakhs)		16	18.88

BREAK UP OF SALARY

Particulars	Salary Per Month	No of Employees	Total Salary
Administrative Staff	12,000.00	5	60,000.00
Total Salary Per Month			60,000.00
Add: 10% Fringe Benefit			6,000.00
Total Salary for the month			66,000.00
Total Salary for the year (In Rs. Lakhs)		5	7.92

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	2.00	11.65	1.25	14.90
	-	2.00	11.65	1.25	14.90
TOTAL		2.00	11.65	1.25	14.90
Less : Depreciation	-	0.20	1.75	0.13	2.07
WDV at end of Ist year	-	1.80	9.90	1.13	12.83
Additions During The Year	-	-	-	-	-
	-	1.80	9.90	1.13	12.83
Less : Depreciation	-	0.18	1.49	0.11	1.78
WDV at end of IIInd Year	-	1.62	8.42	1.01	11.05
Additions During The Year	-	-	-	-	-
	-	1.62	8.42	1.01	11.05
Less : Depreciation	-	0.16	1.26	0.10	1.53
WDV at end of IIIrd year	-	1.46	7.15	0.91	9.52
Additions During The Year	-	-	-	-	-
	-	1.46	7.15	0.91	9.52
Less : Depreciation	-	0.15	1.07	0.09	1.31
WDV at end of IV year	-	1.31	6.08	0.82	8.21
Additions During The Year	-	-	-	-	-
	-	1.31	6.08	0.82	8.21
Less : Depreciation	-	0.13	0.91	0.08	1.13
WDV at end of Vth year	-	1.18	5.17	0.74	7.09

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	13.41	-	13.41	0.37	-	13.41
	IInd Quarter	13.41	-	13.41	0.37	-	13.41
	IIIrd Quarter	13.41	-	13.41	0.37	0.75	12.67
	Ivth Quarter	12.67	-	12.67	0.35	0.75	11.92
					1.45	1.49	
II	Opening Balance						
	Ist Quarter	11.92	-	11.92	0.33	0.75	11.18
	IInd Quarter	11.18	-	11.18	0.31	0.75	10.43
	IIIrd Quarter	10.43	-	10.43	0.29	0.75	9.69
	Ivth Quarter	9.69		9.69	0.27	0.75	8.94
					1.19	2.98	
III	Opening Balance						
	Ist Quarter	8.94	-	8.94	0.25	0.75	8.20
	IInd Quarter	8.20	-	8.20	0.23	0.75	7.45
	IIIrd Quarter	7.45	-	7.45	0.20	0.75	6.71
	Ivth Quarter	6.71		6.71	0.18	0.75	5.96
					0.86	2.98	
IV	Opening Balance						
	Ist Quarter	5.96	-	5.96	0.16	0.75	5.22
	IInd Quarter	5.22	-	5.22	0.14	0.75	4.47
	IIIrd Quarter	4.47	-	4.47	0.12	0.75	3.73
	Ivth Quarter	3.73		3.73	0.10	0.75	2.98
					0.53	2.98	
V	Opening Balance						
	Ist Quarter	2.98	-	2.98	0.08	0.75	2.24
	IInd Quarter	2.24	-	2.24	0.06	0.75	1.49
	IIIrd Quarter	1.49	-	1.49	0.04	0.75	0.75
	Ivth Quarter	0.75		0.75	0.02	0.75	0.00
					0.20	2.98	
	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	3.76	5.15	6.90	8.79	10.48
Interest on Term Loan	1.45	1.19	0.86	0.53	0.20
Total	5.21	6.33	7.76	9.33	10.68
REPAYMENT					
Repayment of Term Loan	1.49	2.98	2.98	2.98	2.98
Interest on Term Loan	1.45	1.19	0.86	0.53	0.20
Total	2.94	4.17	3.84	3.51	3.18
DEBT SERVICE COVERAGE RATIO	1.77	1.52	2.02	2.66	3.35
AVERAGE D.S.C.R.			2.23		

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

Total Working Hour per day	Hours	8	
Electric Load Required	KW	5	
Electricity Charges	per unit	7.50	
Total Working Days		300	
Electricity Charges			0.90
Add : Minimim Charges (@ 10%)			

(B) DG set

No. of Working Days		300	days
No of Working Hours		0.5	Hour per day
Total no of Hour		150	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		1,200	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		0.78	
Add : Lube Cost @15%		0.12	
Total		0.90	

Total cost of Power & Fuel at 100%			1.80
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Year	Capacity	Amount (in Lacs)
I	60%	1.08
II	65%	1.17
III	70%	1.26
IV	75%	1.35
V	80%	1.44

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	82.08	96.74	107.97	121.10	134.94
Less : Op. WIP Goods	-	3.55	3.80	4.24	4.72
Add : Cl. WIP Goods	3.55	3.80	4.24	4.72	5.24
Total Sales	85.63	96.98	108.41	121.57	135.46
Variable & Semi Variable Exp.					
Raw Material & Tax	48.60	55.28	62.51	70.33	78.76
Electricity Exp/Coal Consumption at 85%	0.92	0.99	1.07	1.15	1.22
Wages & Salary at 60%	16.08	17.69	19.45	21.40	23.54
Selling & administrative Expenses 80%	2.30	2.86	2.59	2.81	3.02
ii) Interest On Working Capital	0.66	0.66	0.66	0.66	0.66
Repair & Maintenance	0.41	0.48	0.54	0.61	0.67
Total Variable & Semi Variable Exp	68.96	77.97	86.83	96.95	107.88
Contribution	16.67	19.02	21.59	24.63	27.57
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.16	0.18	0.19	0.20	0.22
Wages & Salary at 40%	10.72	11.79	12.97	14.27	15.69
Interest on Term Loan	1.45	1.19	0.86	0.53	0.20
Depreciation	2.07	1.78	1.53	1.31	1.13
Selling & administrative Expenses 20%	0.57	0.72	0.65	0.70	0.76
Other Indirect Expenses	0.00	0.00	0.00	0.00	0.00
Total Fixed Expenses	14.98	15.65	16.19	17.01	17.99
Capacity Utilization	60%	65%	70%	75%	80%
OPERATING PROFIT	1.69	3.37	5.39	7.61	9.58
BREAK EVEN POINT	54%	53%	53%	52%	52%
BREAK EVEN SALES	76.97	79.81	81.32	83.99	88.40

FINANCIAL INDICATORS					
PARTICULARS	I	II	III	IV	V
TURNOVER	82.08	96.74	107.97	121.10	134.94
GROSS PROFIT	14.59	17.51	19.74	22.86	25.82
G.P. RATIO	17.78%	18.10%	18.28%	18.88%	19.13%
NET PROFIT	1.69	3.37	5.39	7.61	9.58
PAT/SALES RATIO	2.06%	3.48%	4.99%	6.29%	7.10%
CURRENT ASSETS	9.05	9.33	10.37	12.31	13.95
CURRENT LIABILITIES	6.81	6.92	7.04	7.18	7.32
CURRENT RATIO	1.33	1.35	1.47	1.72	1.91
TERM LOAN	11.92	8.94	5.96	2.98	-
TOTAL NET WORTH	3.14	4.51	6.88	10.37	13.72
DEBT/EQUITY	3.79	1.98	0.87	0.29	-
TOTAL NET WORTH	3.14	4.51	6.88	10.37	13.72
TOTAL OUTSIDE LIABILITIES	18.73	15.86	13.00	10.16	7.32
TOL/TNW	5.96	3.52	1.89	0.98	0.53
PBDIT	5.87	6.99	8.44	10.12	11.57
INTEREST	2.11	1.85	1.52	1.19	0.87
INTEREST COVERAGE RATIO	2.78	3.78	5.55	8.48	13.37
WDV	12.83	11.05	9.52	8.21	7.09
TERM LOAN	11.92	8.94	5.96	2.98	-
FACR	1.08	1.24	1.60	2.76	-

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Single Needle Machine	6	60000	360,000.00
Double Needle Machine	3	75000	225,000.00
Border/Piping machine	3	50000	150,000.00
Over-lock Machine	4	40000	160,000.00
Cutting Table & machine	2	100000	200,000.00
Button Hole Machine	1	40000	40,000.00
Button Stitching Machine	1	30000	30,000.00
Total Cost			1,165,000.00