

PROJECT REPORT

Of

Made ups

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Made ups**.

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 REPORT

ON

MADE UPS



INTRODUCTION:

Various articles other than garments, made out of fabric are called made ups. Common examples of made ups are Table mats, Tea coasters, Face napkins, Hand napkins, Kitchen napkins, Aprons, Table covers, Wall hangings etc. These items are used in the homes and offices on daily basis and find usage in bed, bath, kitchen and dining areas.

PRODUCT & ITS APPLICATION:

Made ups are generally made out of woven fabric. Cotton fiber is used in most made ups to enhance water absorption capacity. Hand napkins & Face napkins are also used in restaurants, hotels, Beauty / Massage parlours and offices apart from homes. Wall hangings are used for decorative purposes in homes and offices. Table mats & Tea coasters are used commercial establishments apart from homes. Made ups also include bed sheets and pillow / cushion covers but these are not covered in this Project Profile because it is a specialized business catering exclusively to bed linen manufacturers & retailers. The focus here is on products having significantly higher retail consumption.

INDUSTRY OUTLOOK & TRENDS:

Increase in earnings and disposable income has led to the demand for home furnishing and made up articles. Impact of western culture and health consciousness has given rise to the demand for table mats, apron, caps and other hygiene related products. As the society progresses, the demand for these products shall witness a continuous growth

MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Growing awareness about cleanliness and hygiene is the main reason behind spurt in demand of hand napkins, face napkins, aprons. While wall hangings have decorative value, table mats & tea coasters have utility value. As these products are used in every household to some extent, the overall market size becomes huge in country like India.

RAW MATERIAL REQUIREMENTS:

The main raw material is cotton fabric made from low & medium count of cotton yarn which is easily available in grey and dyed forms. Printed fabric is also used in some made ups.

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. Made ups 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. Some articles are sent for further work like embroidery, special patch-work, piping etc. Products are finally cleaned of loose yarn or dirt and packed in plastic bags as per customer requirements.

PROJECT AT A GLANCE

- | | | | | | |
|----|--|------------|--------------------------------|-------------|--------|
| 1 | Name of the Entrepreneur | XXXXXXXX | | | |
| 2 | Constitution (legal Status) | XXXXXXXX | | | |
| 3 | Father's/Spouce's Name | XXXXXXXXXX | | | |
| 4 | Unit Address | : | XXXXXXXXXX | | |
| | | | Taluk/Block: | | |
| | | | District : | XXXXXX | |
| | | | Pin: | XXXXXX | |
| | | | E-Mail | : | XXXXXX |
| | | | Mobile | : | XXXXXX |
| 5 | Product and By Product | : | Made ups | | |
| 6 | Name of the project / business activity proposed | | Made ups | | |
| 7 | Cost of Project | : | Rs25.00 lac | | |
| 8 | Means of Finance | | | | |
| | Term Loan | | Rs.16.41 Lacs | | |
| | KVIC Margin Money | - | As per Project Eligibility | | |
| | Own Capital | | Rs.2.5 Lacs | | |
| | Working Capital | | Rs.6.09 Lacs | | |
| 9 | Debt Service Coverage Ratio | : | | 4.82 | |
| 10 | Pay Back Period | : | | 5 Years | |
| 11 | Project Implementation Period | : | | 6 Months | |
| 12 | Break Even Point | : | | 38% | |
| 13 | Employment | : | | 15 Persons | |
| 14 | Power Requirement | : | | 8.00 HP | |
| 15 | Major Raw materials | : | Cloth material and accessories | | |
| 16 | Estimated Annual Sales Turnover | : | | 123.06 Lacs | |
| 16 | Detailed Cost of Project & Means of Finance | | | | |

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (2000 Sq ft)	2.50
Plant & Machinery	14.80
Furniture & Fixtures	0.50
Pre-operative Expenses	0.43
Working Capital Requirement	6.77
Total	25.00

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	2.50
Term Loan	16.41
Workign Capital Finance	6.09
Total	25.00

Beneficiary's Margin Monery (General Special)
 (% of Project Cost) 10% 5%

PLANT & MACHINERY

Single Needle Machine	10	60,000.00	600,000.00
Double Needle Machine	5	75,000.00	375,000.00
Border/Piping machine	2	50,000.00	100,000.00
Overlock Machine	4	40,000.00	160,000.00
Cutting Table & machine	1	100,000.00	100,000.00
Embroidery machine	1	75,000.00	75,000.00
Inspection tables	2	35,000.00	70,000.00
Total			1,480,000.00

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	2.50	-			
Reserve & Surplus	9.34	11.96	15.83	19.46	22.84
Depriciation & Exp. W/off	2.50	2.16	1.85	1.58	1.36
Increase in Cash Credit	6.07	-	-	-	-
Increase In Term Loan	16.41	-	-	-	-
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 :	43.47	15.21	18.76	22.14	25.30
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.80	-	-	-	-
Increase in Stock	4.45	3.54	1.14	1.14	1.14
Increase in Debtors	8.61	1.64	1.47	1.47	1.47
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	4.10	4.10	4.10	2.05
Taxation	-	1.20	3.17	3.89	4.57
TOTAL :	33.37	10.73	10.15	10.91	9.56
Opening Cash & Bank Balance	-	10.11	14.59	23.20	34.43
Add : Surplus	10.11	4.48	8.61	11.23	15.73
Closing Cash & Bank Balance	10.11	14.59	23.20	34.43	50.16

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.50	2.50	2.50	2.50	2.50
Retained Profit	9.34	20.11	32.77	48.34	66.62
Term Loan	16.41	12.31	8.20	4.10	2.05
Cash Credit	6.07	6.07	6.07	6.07	6.07
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 :	40.98	48.73	58.38	70.94	88.26
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	17.80	17.80	17.80	17.80	17.80
Gross Dep.	2.50	4.65	6.50	8.09	9.45
Net Fixed Assets	15.31	13.15	11.30	9.71	8.35
Current Assets					
Sundry Debtors	8.61	10.26	11.73	13.20	14.67
Stock in Hand	4.45	7.99	9.14	10.28	11.42
Cash and Bank	10.11	14.59	23.20	34.43	50.16
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	40.98	48.73	58.38	70.94	88.26
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	123.06	146.51	167.51	188.51	209.51
Total (A)	123.06	146.51	167.51	188.51	209.51
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	90.00	105.00	120.00	135.00	150.00
Elecricity Expenses	0.69	0.80	0.92	1.03	1.15
Repair & Maintenance	-	1.47	1.68	1.89	2.10
Labour & Wages	12.67	13.94	15.33	16.87	18.55
Depriciation	2.50	2.16	1.85	1.58	1.36
Consumables and Other Expense	2.46	2.93	3.35	3.77	4.19
Cost of Production	108.32	126.30	143.12	160.14	177.34
Add: Opening Stock /WIP	-	2.35	2.74	3.14	3.53
Less: Closing Stock /WIP	2.35	2.74	3.14	3.53	3.92
Cost of Sales (B)	105.96	125.90	142.73	159.75	176.95
C) GROSS PROFIT (A-B)	17.10	20.61	24.78	28.76	32.56
	14%	14%	15%	15%	16%
D) Bank Interest (Term Loan)	1.39	1.47	1.00	0.53	0.09
Bank Interest (C.C. Limit)	0.61	0.61	0.61	0.61	0.61
E) Salary to Staff	3.30	3.63	3.99	4.39	4.83
F) Selling & Adm Expenses Exp.	2.46	2.93	3.35	3.77	4.19
TOTAL (D+E)	7.75	8.64	8.95	9.30	9.72
H) NET PROFIT	9.34	11.96	15.83	19.46	22.84
I) Taxation	-	1.20	3.17	3.89	4.57
J) PROFIT (After Tax)	9.34	10.77	12.66	15.57	18.27

COMPUTATION OF MANUFACTURING OF MADE UPS

Items to be Manufactured

Made ups

Manufacturing Capacity per day	-	1,000	
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		300,000.00	
Year		Capacity	
		Utilisation	
IST YEAR		60%	180,000
IIND YEAR		70%	210,000
IIIRD YEAR		80%	240,000
IVTH YEAR		90%	270,000
VTH YEAR		100%	300,000

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of Raw Material	Recovery	Unit Rate of of RM	Total Cost Per Annum (100%
Cloth material other accessoroes and packaging	100%	300,000.00	100%	50.00	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)	2.35	2.74	3.14	3.53	3.92
<u>Raw Material</u>					
(15 Days requirement)	2.10	5.25	6.00	6.75	7.50
Closing Stock	4.45	7.99	9.14	10.28	11.42

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total Amount
Stock in Hand			4.45
Sundry Debtors			8.61
		Total	13.07
Sundry Creditors			6.30
Working Capital Requirement			6.77
Margin			0.70
Working Capital Finance			6.07

BREAK UP OF LABOUR

Particulars	Wages Per Month	No of Employees	Total Salary
Stitching machine operator	8,000.00	10	80,000.00
Unskilled Worker	4,000.00	4	16,000.00
			96,000.00
Add: 10% Fringe Benefit			9,600.00
Total Labour Cost Per Month			105,600.00
Total Labour Cost for the year (In Rs. Lakhs)			12.67

BREAK UP OF SALARY

Particulars	Salary Per Month	No of Employees	Total Salary
Designer	10,000.00	1	10,000.00
Sales Man	7,000.00	1	7,000.00
Accountant cum store keeper	8,000.00	1	8,000.00
Total Salary Per Month			25,000.00
Add: 10% Fringe Benefit			2,500.00
Total Salary for the month			27,500.00
Total Salary for the year (In Rs. Lakhs)			3.30

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	2.50	14.80	0.50	17.80
Less : Depreciation	-	2.50	14.80	0.50	17.80
WDV at end of Ist year	-	0.25	2.22	0.03	2.50
Additions During The Year	-	2.25	12.58	0.48	15.31
Less : Depreciation	-	-	-	-	-
WDV at end of IIInd Year	-	2.25	12.58	0.48	15.31
Additions During The Year	-	0.23	1.89	0.05	2.16
Less : Depreciation	-	-	-	-	-
WDV at end of IIIrd year	-	2.03	10.69	0.43	13.15
Additions During The Year	-	-	-	-	-
Less : Depreciation	-	2.03	10.69	0.43	13.15
WDV at end of IV year	-	0.20	1.60	0.04	1.85
Additions During The Year	-	1.82	9.09	0.38	11.30
Less : Depreciation	-	-	-	-	-
WDV at end of Vth year	-	1.82	9.09	0.38	11.30
Additions During The Year	-	0.18	1.36	0.04	1.58
Less : Depreciation	-	-	-	-	-
WDV at end of VIth year	-	1.64	7.73	0.35	9.71
Additions During The Year	-	-	-	-	-
Less : Depreciation	-	1.64	7.73	0.35	9.71
WDV at end of VIIth year	-	0.16	1.16	0.03	1.36
Additions During The Year	-	1.48	6.57	0.31	8.35

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	16.41	16.41	-	-	16.41
	Iind Quarter	16.41	-	16.41	0.47	-	16.41
	IIIrd Quarter	16.41	-	16.41	0.47	1.03	15.38
	Ivth Quarter	15.38	-	15.38	0.44	1.03	14.36
					1.39	2.05	
IIND YEAR	Opening Balance						
	Ist Quarter	14.36	-	14.36	0.41	1.03	13.33
	Iind Quarter	13.33	-	13.33	0.38	1.03	12.31
	IIIrd Quarter	12.31	-	12.31	0.35	1.03	11.28
	Ivth Quarter	11.28	-	11.28	0.32	1.03	10.25
					1.47	4.10	
IIIRD YEAR	Opening Balance						
	Ist Quarter	10.25	-	10.25	0.29	1.03	9.23
	Iind Quarter	9.23	-	9.23	0.27	1.03	8.20
	IIIrd Quarter	8.20	-	8.20	0.24	1.03	7.18
	Ivth Quarter	7.18	-	7.18	0.21	1.03	6.15
					1.00	4.10	
IVTH YEAR	Opening Balance						
	Ist Quarter	6.15	-	6.15	0.18	1.03	5.13
	Iind Quarter	5.13	-	5.13	0.15	1.03	4.10
	IIIrd Quarter	4.10	-	4.10	0.12	1.03	3.08
	Ivth Quarter	3.08	-	3.08	0.09	1.03	2.05
					0.53	4.10	
VTH YEAR	Opening Balance						
	Ist Quarter	2.05	-	2.05	0.06	1.03	1.03
	Iind Quarter	1.03	-	1.03	0.03	1.03	-
	IIIrd Quarter	-	0.00	-	0.00	-	-
	Ivth Quarter	-	0.00	-	0.00	-	-
					0.09	2.05	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	11.84	12.93	14.51	17.16	19.63
Interest on Term Loan	1.39	1.47	1.00	0.53	0.09
Total	13.22	14.40	15.51	17.69	19.72
<u>REPAYMENT</u>					
Instalment of Term Loan	4.10	4.10	4.10	2.05	2.05
Interest on Term Loan	1.39	1.47	1.00	0.53	0.09
Total	5.49	5.58	5.10	2.58	2.14
DEBT SERVICE COVERAGE R	2.41	2.58	3.04	6.85	9.22
AVERAGE D.S.C.R.			4.82		

COMPUTATION OF SALE					
Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	4,200	4,900	5,600	6,300
Production	180,000	210,000	240,000	270,000	300,000
	180,000	214,200	244,900	275,600	306,300
Less : Closing Stock	4,200	4,900	5,600	6,300	7,000
Net Sale	175,800	209,300	239,300	269,300	299,300
Sale Price per made ups	70.00	70.00	70.00	70.00	70.00
Sale (in Lacs)	123.06	146.51	167.51	188.51	209.51

The above calculations are based on assumed unit sales price varying from Rs. 12 to Rs. 160 for various products. The key raw material is assumed at a cost range of Rs 45 to Rs. 55 per meter.

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			-	Hour per day
Total no of Hour			-	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			-	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			-	
Add : Lube Cost @15%			-	
Total			-	
Total cost of Power & Fuel at 100%				1.15
Year		Capacity		Amount (in Lacs)
IST YEAR		60%		0.69
IIND YEAR		70%		0.80
IIIRD YEAR		80%		0.92
IVTH YEAR		90%		1.03
VTH YEAR		100%		1.15

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	123.06	146.51	167.51	188.51	209.51
Less : Op. WIP Goods	-	2.35	2.74	3.14	3.53
Add : Cl. WIP Goods	2.35	2.74	3.14	3.53	3.92
Total Sales	125.41	146.90	167.90	188.90	209.90
Variable & Semi Variable Exp.					
Raw Material & Tax	90.00	105.00	120.00	135.00	150.00
Electricity Exp/Coal Consumption at 85%	0.58	0.68	0.78	0.88	0.97
Manufacturing Expenses 80%	1.97	3.52	4.02	4.52	5.03
Wages & Salary at 60%	9.58	10.54	11.60	12.76	14.03
Selling & administrative Expenses 80%	1.97	2.34	2.68	3.02	3.35
Intt. On Working Capital Loan	0.61	0.61	0.61	0.61	0.61
Total Variable & Semi Variable Exp	104.71	122.69	139.68	156.78	173.99
Contribution	20.70	24.21	28.22	32.12	35.91
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.49	0.88	1.01	1.13	1.26
Electricity Exp/Coal Consumption at 15%	0.10	0.12	0.14	0.15	0.17
Wages & Salary at 40%	6.39	7.03	7.73	8.50	9.35
Interest on Term Loan	1.39	1.47	1.00	0.53	0.09
Depreciation	2.50	2.16	1.85	1.58	1.36
Selling & administrative Expenses 20%	0.49	0.59	0.67	0.75	0.84
Total Fixed Expenses	11.36	12.25	12.39	12.66	13.07
Capacity Utilization	75%	80%	85%	90%	95%
OPERATING PROFIT	9.34	11.96	15.83	19.46	22.84
BREAK EVEN POINT	41%	40%	37%	35%	35%
BREAK EVEN SALES	68.81	74.31	73.75	74.44	76.38

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