

PROJECT REPORT

Of

SOCKS MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Socks 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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SOCKS MANUFACTURING UNIT

Introduction

A **sock** is an item of clothing worn on the feet and often covering the ankle or some part of the calf. Some type of shoe or boot is typically worn over socks. In ancient times, socks were made from leather or matted animal hair. In the late 16th century, machine-knit socks were first produced. Until 1800 both hand knitting and machine knitting were used to produce socks, but after 1800, machine knitting became the predominant method.

One of the roles of socks is absorbing perspiration. The foot is among the heaviest producers of sweat in the body, as it can produce over 0.25 US pints of perspiration per day, socks help to absorb this sweat and draw it to areas where air can evaporate the perspiration. In cold environments, socks made from wool insulate the foot and decrease the risk of frostbite. Socks are worn with sport shoes (typically white-coloured socks) and dress shoes (typically dark-coloured socks). In addition to the numerous practical roles played by socks, they are also a fashion item, and they are available in myriad colours and patterns.

Description of Sock Machine

Machinery for Sock includes the following:

- Polyester Blender
- Polyester Texturiser
- LYCRA Yarn
- DOP Dyed

Sock Machines are used to manufacture sock from different types of raw material. With the help of this machine the work of rolling, Cutting, stitching & packaging completes in a very short span.

Socks Market Analysis

The global socks market size was valued at USD 42.2 billion in 2018. Rising importance of maintaining formal attire among white-collar professionals on a global level is expected to play a crucial role in expanding the utility of socks. This, in turn, is expected to boost the market growth in the coming years.

Socks Manufacturing Process

- Put the roll of polypropylene on the roller.
- Put the input into the machine.
- Start the machine.
- After that machine will automatically complete the further processing of manufacturing.
- Packaging of goods.

Machinery & Equipment's required:

Name	Cost
Total Value of Machinery	650000
GST @18%	117000
Total	7,67,000

❖ Cost of the machine is exclusive of other transportation cost.

Land & Building required:

Land required 1200 Square Feet (approx.)

Approximate rent for the same is 24000.

Labour Requirement:

2 Manpower is required for the Sock Manufacturing unit.

Includes:

1 skilled Labour

2 Unskilled Labour

Raw Material Requirement of Socks

❖ Polypropylene

❖ Blended yarn

❖ Cotton

Average raw material cost per KG: Rs. 140

Sock License & registration

For Proprietor:

- Obtain the GST registration.
- Obtain the license from cosmetic & Drug Control Department.
- Fire/ Pollution Registration as required.
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

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

PROJECT AT A GLANCE

- 1** Name of the Entrepreneur **xx**
- 2** Constitution (legal Status) : xx
- 3** Father's/Spouce's Name **Xx**
- 4** Unit Address :
- Taluk/Block: **xx**
- District : **xx**
- Pin:
- E-Mail : **xx**
- Mobile **xx**
- 5** Product and By Product : SOCK
- Name of the project / business activity proposed :
- 6**
- 7** Cost of Project : **Rs.** 6.99
- 8 Means of Finance**
- Term Loan **Rs.** 6.29 Lacs
25% of 6.99 Lacs
- KVIC Margin Money **Rs.** (1.75 Lacs)
- Own Capital **Rs.** 0.92 Lacs
- 9** Debt Service Coverage Ratio :
- 10** Pay Back Period : 5 years
- 11** Project Implementation Period : 6 months
- 12** Employment :
- 13** Power Requirement : 5 KW connection
Blended yearn, polypropylen
- 14** Major Raw materials : 15.84 Lacs (at 50% capacity)
- 15** Estimated Annual Sales Turnover :
- 16** Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	

MEANS OF FINANCE

Building & Civil Work	-
Plant & Machinery	6.49
Furniture & Fixtures	0.50
Pre-operative Expenses	
Contingencies	
Working Capital Requirement	2.22
Total	9.21

Particulars	Amount
Own Contribution	0.92
Bank Finance	6.29
working capital from bank	2.00
Total	9.21

KVIC Margin (25% of 6.99)
Monery Rs. 1,74,750

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 6.29 Lacs and Working Capital limit of Rs. 2.70 Lacs

COST OF PROJECT

PARTICULARS	AMOUNT	AMOUNT	AMOUNT
		10.00%	90.00%
Building Civil Work			
Plant & Machinery	6.49	0.65	5.84
Furniture & Fixtures and Other Assets	0.50	0.05	0.45
Working capital	2.22	0.22	2.00
Total	9.21	1.02	8.29

MEANS OF FINANCE

PARTICULARS	AMOUNT
Own Contribution	0.92
Bank Loan	6.29
Working capital Limit	2.00
Total	9.21

COMPUTATION OF PRODUCTION OF SOCK

Items to be Manufactured	
Sock	
machine capacity	48pair per hour
machine capacity per day	384Pair
machine capacity per annum	115200 Pair
Raw Material	
1 KG of raw material contains	40 Pair
Total raw Material Required	2,880 KG

Production of SOCK		
Production	Capacity	Sock
1st year	50%	57,600
2nd year	55%	63,360
3rd year	60%	69,120
4th year	65%	74,880
5th year	70%	80,640

Raw Material Cost			
Year	Capacity Utilisation	Rate	Amount (Rs. in lacs)
1st year	50%	140.00	2.02
2nd year	55%	141.00	2.23
3rd year	60%	142.00	2.45
4th year	65%	143.00	2.68
5th year	70%	144.00	2.90

COMPUTATION OF SALE

Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	4,800	5,280	5,760	6,240
Production	57,600	63,360	69,120	74,880	80,640
Less : Closing Stock	4,800	5,280	5,760	6,240	6,720
Net Sale	52,800	62,880	68,640	74,400	80,160
sale price per pair	30.00	31.00	32.00	33.00	34.00
Sales (in Lacs)	15.84	19.49	21.96	24.55	27.25

BREAK UP OF LABOUR CHARGES

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Skilled	15000	1	15000
Unskilled	12000	1	12000
Total Salary Per Month			27000
Total Annual Labour Charges	(in Lacs)		3.24

Utility Charges at 100% capacity (per month)

Particulars	value	Description
Power connection required	15	KWH
consumption per day	120	units
Consumption per month	2400	units
Rate per Unit	7	Rs.
power Bill per month	16800	Rs.

PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
Socks	15.84	19.49	21.96	24.55	27.25
Total	15.84	19.49	21.96	24.55	27.25
<u>COST OF SALES</u>					
Raw Material Consumed	2.02	2.23	2.45	2.68	2.90
Electricity Expenses	2.02	2.22	2.44	2.68	2.95
Depreciation	1.02	0.87	0.74	0.63	0.54
labour	3.24	3.56	3.92	4.31	4.74
Consumables	0.95	1.17	1.32	1.47	1.64
Repair & maintenance	0.82	1.01	1.14	1.28	1.42
other direct expenses	0.63	0.78	0.88	0.98	1.09
Cost of Production	10.70	11.85	12.90	14.04	15.28
Add: Opening Stock /WIP	-	0.89	0.99	1.07	1.17
Less: Closing Stock /WIP	0.89	0.99	1.07	1.17	1.27
Cost of Sales	9.81	11.75	12.81	13.94	15.18
GROSS PROFIT	6.03	7.74	9.16	10.61	12.08
Interest on Term Loan	0.68	0.63	0.50	0.37	0.04
Interest on working Capital	0.22	0.22	0.22	0.22	0.22
Rent	2.88	3.17	3.48	3.83	4.22
Selling & adm Exp	1.19	1.85	2.24	2.21	3.27
TOTAL	4.97	5.87	6.45	6.63	7.74
NET PROFIT	1.06	1.87	2.71	3.97	4.33
Taxation					
PROFIT (After Tax)	1.06	1.87	2.71	3.97	4.33

PROJECTED BALANCE SHEET					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		1.48	2.10	3.06	4.83
<i>Add:- Own Capital</i>	0.92				
Add:- Retained Profit	1.06	1.87	2.71	3.97	4.33
Less:- Drawings	0.50	1.25	1.75	2.20	3.00
Closing Balance	1.48	2.10	3.06	4.83	6.17
Subsidy Reserve	1.75	1.75	1.75	-	-
Term Loan	5.75	4.67	3.59	0.76	-
Working Capital Limit	2.00	2.00	2.00	2.00	2.00
Sundry Creditors	0.08	0.09	0.10	0.17	0.17
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83
TOTAL :	11.37	11.01	11.05	8.42	9.16
<u>Assets</u>					
Fixed Assets (Gross)	6.99	6.99	6.99	6.99	6.99
Gross Dep.	1.02	1.90	2.64	3.27	3.82
Net Fixed Assets	5.97	5.09	4.35	3.72	3.17
FD of Subsidy	1.75	1.75	1.75		
Current Assets					
Sundry Debtors	1.32	1.62	2.20	2.05	2.73
Stock in Hand	1.06	1.17	1.28	1.39	1.52
Cash and Bank	1.27	1.37	1.48	1.27	1.75
TOTAL :	11.37	11.01	11.05	8.42	9.16

PROJECTED CASH FLOW STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	0.92				
Net Profit	1.06	1.87	2.71	3.97	4.33
Depreciation & Exp. W/off	1.02	0.87	0.74	0.63	0.54
Increase in Cash Credit	2.00	-	-	-	-
Increase In Term Loan	6.29	-	-	-	-
Increase in Creditors	0.08	0.01	0.01	0.07	0.00
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17
increase in subsidy	1.75				
TOTAL :	13.43	2.85	3.61	4.78	5.04
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	6.99				
Increase in Stock	1.06	0.11	0.11	0.11	0.12
Increase in Debtors	1.32	0.30	0.57 -	0.15	0.68
Repayment of Term Loan	0.54	1.08	1.08	2.83	0.76
Increase in FD	1.75	-	-		
Drawings	0.50	1.25	1.75	2.20	3.00
Taxation	-	-	-	-	-
TOTAL :	12.16	2.75	3.51	4.99	4.56
Opening Cash & Bank Balance	-	1.27	1.37	1.48	1.27
Add : Surplus	1.27	0.10	0.11 -	0.21	0.48
Closing Cash & Bank Balance	1.27	1.37	1.48	1.27	1.75

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	0.89	0.99	1.07	1.17	1.27
<u>Raw Material</u>					
	0.17	0.19	0.20	0.22	0.24
Closing Stock	1.06	1.17	1.28	1.39	1.52

COMPUTATION OF WORKING CAPITAL REQUIREMENT						
TRADITIONAL METHOD						
Particulars	Amount	Own Margin		Bank Finance		
Finished Goods & Raw Material	1.06					
Less : Creditors	0.08					
Paid stock	0.98	10%	0.10	90%	0.88	
Sundry Debtors	1.32	10%	0.13	90%	1.19	
	2.30		0.23		2.07	
WORKING CAPITAL LIMIT DEMAND (from Bank)						
				2.00		

2nd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	3.65	4.17
Other Current Liabilities	0.38	0.49
Working Capital Gap	3.27	3.68
Min Working Capital		
25% of WCG	0.82	0.92
Actual NWC	1.27	1.68
item III - IV	2.45	2.76
item III - V	2.00	2.00
MPBF (Lower of VI & VII)	2.00	2.00

3rd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	3.65	4.17
Other Current Liabilities	0.38	0.49
Working Capital Gap	3.27	3.68
Min Working Capital		
25% of Current Assets	0.91	1.04
Actual NWC	1.27	1.68
item III - IV	2.35	2.64
item III - V	2.00	2.00
MPBF (Lower of VI & VII)	2.00	2.00

COMPUTATION OF DEPRECIATION

Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	6.49	0.50	6.99
Total	6.49	0.50	6.99
Less : Depreciation	0.97	0.05	1.02
WDV at end of Year	5.52	0.45	5.97
Additions During The Year	-	-	-
Total	5.52	0.45	5.97
Less : Depreciation	0.83	0.05	0.87
WDV at end of Year	4.69	0.41	5.09
Additions During The Year	-	-	-
Total	4.69	0.41	5.09
Less : Depreciation	0.70	0.04	0.74
WDV at end of Year	3.99	0.36	4.35
Additions During The Year	-	-	-
Total	3.99	0.36	4.35
Less : Depreciation	0.60	0.04	0.63
WDV at end of Year	3.39	0.33	3.72
Additions During The Year	-	-	-
Total	3.39	0.33	3.72
Less : Depreciation	0.51	0.03	0.54
WDV at end of Year	2.88	0.30	3.17
s	-	-	-
Total	2.88	0.30	3.17

Less : Depreciation	0.43	0.03	0.46
WDV at end of Year	2.45	0.27	2.71
Less : Depreciation	0.37	0.03	0.39
WDV at end of Year	2.08	0.24	2.32
Less : Depreciation	0.31	0.02	0.34
WDV at end of Year	1.77	0.22	1.98

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	2.09	2.74	3.45	4.61	4.87
Interest on Term Loan	0.68	0.63	0.50	0.37	0.04
Total	2.76	3.37	3.95	4.98	4.91
<u>REPAYMENT</u>					
Instalment of Term Loan	0.54	1.08	1.08	2.83	0.76
Interest on Term Loan	0.68	0.63	0.50	0.37	0.04
Total	1.22	1.71	1.58	3.20	0.80
DEBT SERVICE COVERAGE RATIO	2.27	1.97	2.50	1.56	6.17
AVERAGE D.S.C.R.	2.89				

REPAYMENT SCHEDULE OF TERM LOAN

Interest 12.00%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	6.29	6.29	-	-	6.29
	2nd month	6.29	-	6.29	0.06	-	6.29
	3rd month	6.29	-	6.29	0.06	-	6.29
	4th month	6.29	-	6.29	0.06		6.29
	5th month	6.29	-	6.29	0.06		6.29
	6th month	6.29	-	6.29	0.06		6.29
	7th month	6.29	-	6.29	0.06	0.090	6.20
	8th month	6.20	-	6.20	0.06	0.090	6.11
	9th month	6.11	-	6.11	0.06	0.090	6.02
	10th month	6.02	-	6.02	0.06	0.090	5.93
	11th month	5.93	-	5.93	0.06	0.090	5.84
	12th month	5.84	-	5.84	0.06	0.090	5.75
					0.68	0.540	
2nd	Opening Balance						
	1st month	5.75	-	5.75	0.06	0.090	5.66
	2nd month	5.66	-	5.66	0.06	0.090	5.57
	3rd month	5.57	-	5.57	0.06	0.090	5.48
	4th month	5.48	-	5.48	0.05	0.090	5.39
	5th month	5.39	-	5.39	0.05	0.090	5.30
	6th month	5.30	-	5.30	0.05	0.090	5.21
	7th month	5.21	-	5.21	0.05	0.090	5.12
	8th month	5.12	-	5.12	0.05	0.090	5.03
	9th month	5.03	-	5.03	0.05	0.090	4.94
	10th month	4.94	-	4.94	0.05	0.090	4.85
	11th month	4.85	-	4.85	0.05	0.090	4.76
	12th month	4.76	-	4.76	0.05	0.090	4.67

					0.63	1.080	
3rd	Opening Balance						
	1st month	4.67	-	4.67	0.05	0.090	4.58
	2nd month	4.58	-	4.58	0.05	0.090	4.49
	3rd month	4.49	-	4.49	0.04	0.090	4.40
	4th month	4.40	-	4.40	0.04	0.090	4.31
	5th month	4.31	-	4.31	0.04	0.090	4.22
	6th month	4.22	-	4.22	0.04	0.090	4.13
	7th month	4.13	-	4.13	0.04	0.090	4.04
	8th month	4.04	-	4.04	0.04	0.090	3.95
	9th month	3.95	-	3.95	0.04	0.090	3.86
	10th month	3.86	-	3.86	0.04	0.090	3.77
	11th month	3.77	-	3.77	0.04	0.090	3.68
	12th month	3.68	-	3.68	0.04	0.090	3.59
					0.50	1.080	
4th	Opening Balance						
	1st month	3.59	-	3.59	0.04	0.090	3.50
	2nd month	3.50	-	3.50	0.04	0.090	3.41
	3rd month	3.41	-	3.41	0.03	0.090	3.32
	4th month	3.32	-	3.32	0.03	0.090	3.23
	5th month	3.23	-	3.23	0.03	0.090	3.14
	6th month	3.14	-	3.14	0.03	0.090	3.05
	7th month	3.05	-	3.05	0.03	0.090	2.96
	8th month	2.96	-	2.96	0.03	0.090	2.87
	9th month	2.87	-	2.87	0.03	0.090	2.78
	10th month	2.78	-	2.78	0.03	0.090	2.69
	11th month	2.69	-	2.69	0.03	0.090	2.60
	12th month(Subsidy adjusted)	2.60	-	2.60	0.03	1.840	0.76
					0.37	2.830	
5th	Opening Balance						
	1st month		-		0.01	0.090	

	0.76		0.76			0.67
2nd month	0.67	-	0.67	0.01	0.090	0.58
3rd month	0.58	-	0.58	0.01	0.090	0.49
4th month	0.49	-	0.49	0.00	0.090	0.40
5th month	0.40	-	0.40	0.00	0.090	0.31
6th month	0.31	-	0.31	0.00	0.090	0.22
7th month	0.22	-	0.22	0.00	0.090	0.13
8th month	0.13	-	0.13	0.00	0.090	0.04
9th month	0.04	-	0.04	0.00	0.040	0.00

0.04 0.76

DOOR TO DOOR	57	MONTHS
MORATORIUM PERIOD	6	MONTHS
REPAYMENT PERIOD	51	MONTHS

Supplier Details:

S L Machinery	Address: Plot No. 930, Tyre Wall Gali, Mundka, Delhi.
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