

PROJECT REPORT

Of

KIDS WOOLEN SWEATER

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Kids Woolen Sweater**.

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

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxx
Pin: xxxxxxx
Mobile : xxxxxxx
- State: xxxxxxxxx
- 5 Product and By Product : **KIDS WOOLEN SWEATER**
- 6 Name of the project / business activity proposed : **KIDS WOOLEN SWEATER MAKING UNIT**
- 7 Cost of Project : Rs.6.67 Lakhs
- 8 Means of Finance
Term Loan Rs.4.5 Lakhs
Own Capital Rs.0.67 Lakhs
Working Capital Rs.1.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.62
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 46%
- 13 Employment : 5 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Woolen Thread(Wool)
- 16 Estimated Annual Sales Turnover (Max Capacity) : 31.04 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	2.00
Building / Shed 1000 Sq ft	2.50
Plant & Machinery	0.50
Furniture & Fixtures	1.67
Working Capital	6.67
Total	6.67

MEANS OF FINANCE

Particulars	Amount
Own Contribution	0.67
Working Capital(Finance)	1.50
Term Loan	4.50
Total	6.67

KIDS WOOLEN SWEATER

Introduction: A sweater, also called a jumper in British English is a piece of clothing, typically with long sleeves, made of knitted or crocheted material that covers the upper part of the body. When sleeveless, the garment is often called a slipover. Sweaters are worn by adults and children of all genders, often over a shirt, blouse, T-shirt, or other top, but sometimes next to the skin. Sweaters were traditionally made from wool but can now be made of cotton, synthetic fibres, or any combination of these. A sweater is a piece of clothing worn on the upper body to keep the person warm. Sweaters are usually knitted or crocheted. Other names for sweaters are pullover, jersey, or jumper. Sweaters that open in the front are often called cardigans.



Woolen Sweater Market Analysis: Winter wear has, over the years, been one most important drivers of the Indian knitwear tree that extends out to many branches. The major catalysts of this growth are advent of technically advanced fabrics, international trends and disposable income. The woolen industry in the country is of the size of Rs. 11484.82 Crores and broadly

divided & scattered between the organized and decentralized sectors. The organized sector consists of: Composite mills, Worsted and Non Worsted spinning units, Knitwear's and Woven Garments units and Machine Made Carpets manufacturing units.

Description of Machinery & Equipment: Following machineries are required for Kids Woolen Sweater manufacturing process:

- **Computerized Knitting Machine:** These machines make knitting which make weaving more creative. This machine is easy to handle and operate.
- **Stitching Machine**
- **Hand Plate**
- **Other equipments & hand tools**

Cost of machines and equipments will be Rs 2.5 Lac without GST and excluding transportation and installation charges.

Raw material: Woolen thread (wool) is required as the major raw material for the Kids Woolen sweater unit.

Average raw material (cost per Kg): Rs. 320

From one Kg of raw material approx. 5 Kids Woolen Sweater can be prepared.

Manufacturing Process: Step by step process is:

- Yarn Collection & Winding of Yarns
- Yarn Distribution
- Knitting start of sweater panels
- Online Inspection of Knitting panels
- Linking of panels

- Online Inspection of Linking panels
- Trimming
- Light Checking
- Mending
- Making Button Hole
- Washing, Labelling & Ironing
- Final Inspection and Dispatch.

Area: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1000 to 1500Sqft. Civil work will cost Rs 2 Lac (Approx.)

Power Requirement: The power consumption required to run all the machinery could be approximated as 20 Hp

Manpower Requirement: There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 5 including 1 Plant operator, 1 unskilled worker, 1 Helper. 2 Skilled worker including Accountant and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	0.97	1.83	2.78	3.88
Add: Additions	0.67	-	-	-	-
Add: Net Profit	0.71	1.36	2.15	3.30	4.18
Less: Drawings	0.40	0.50	1.20	2.20	3.00
Closing Balance	0.97	1.83	2.78	3.88	5.06
CC Limit	1.50	1.50	1.50	1.50	1.50
Term Loan	4.00	3.00	2.00	1.00	-
Sundry Creditors	0.40	0.46	0.53	0.60	0.67
TOTAL :	6.88	6.80	6.81	6.97	7.23
APPLICATION OF FUND					
Fixed Assets (Gross)	5.00	5.00	5.00	5.00	5.00
Gross Dep.	0.63	1.17	1.64	2.05	2.41
Net Fixed Assets	4.38	3.83	3.36	2.95	2.59
Current Assets					
Sundry Debtors	1.17	1.40	1.61	1.83	2.07
Stock in Hand	0.92	1.06	1.21	1.38	1.55
Cash and Bank	0.42	0.50	0.63	0.82	1.02
TOTAL :	6.88	6.80	6.81	6.97	7.23

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	17.54	21.01	24.13	27.48	31.04
Total (A)	17.54	21.01	24.13	27.48	31.04
B) COST OF SALES					
Raw Material Consumed	8.06	9.28	10.58	11.97	13.44
Electricity Expenses	1.93	2.10	2.26	2.42	2.58
Repair & Maintenance	0.35	0.42	0.48	0.55	0.62
Labour & Wages	3.28	3.57	3.86	4.13	4.42
Depreciation	0.63	0.54	0.47	0.41	0.36
Cost of Production	14.25	15.91	17.65	19.48	21.41
Add: Opening Stock /WIP	-	0.51	0.60	0.69	0.78
Less: Closing Stock /WIP	0.51	0.60	0.69	0.78	0.88
Cost of Sales (B)	13.74	15.83	17.56	19.38	21.31
C) GROSS PROFIT (A-B)	3.80	5.18	6.57	8.10	9.73
	21.68%	24.64%	27.22%	29.47%	31.33%
D) Bank Interest (Term Loan)	0.49	0.40	0.29	0.18	0.07
ii) Interest On Working Capital	0.17	0.17	0.17	0.17	0.17
E) Salary to Staff	2.27	2.84	3.49	3.91	4.69
F) Selling & Adm Expenses Exp.	0.18	0.42	0.48	0.55	0.62
TOTAL (D+E)	3.10	3.82	4.42	4.80	5.54
H) NET PROFIT	0.71	1.36	2.15	3.30	4.18
	4.0%	6.5%	8.9%	12.0%	13.5%
I) Taxation	-	-	-	-	-
J) PROFIT (After Tax)	0.71	1.36	2.15	3.30	4.18

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	0.67	-			
Reserve & Surplus	0.71	1.36	2.15	3.30	4.18
Depriciation & Exp. W/off	0.63	0.54	0.47	0.41	0.36
Increase In Cash Credit	1.50				
Increase In Term Loan	4.50	-	-	-	-
Increase in Creditors	0.40	0.06	0.07	0.07	0.07
TOTAL :	8.40	1.96	2.68	3.78	4.62
APPLICATION OF FUND					
Increase in Fixed Assets	5.00	-	-	-	-
Increase in Stock	0.92	0.14	0.15	0.16	0.17
Increase in Debtors	1.17	0.23	0.21	0.22	0.24
Repayment of Term Loan	0.50	1.00	1.00	1.00	1.00
Taxation	-	-	-	-	-
Drawings	0.40	0.50	1.20	2.20	3.00
TOTAL :	7.99	1.87	2.56	3.59	4.41
Opening Cash & Bank Balance	-	0.42	0.50	0.63	0.82
Add : Surplus	0.42	0.09	0.12	0.19	0.21
Closing Cash & Bank Balance	0.42	0.50	0.63	0.82	1.02

COMPUTATION OF MAKING OF KIDS WOOLENS SWEATER			
Item to be Manufactured Kids woolen sweater			
Manufacturing Capacity per day		72	Pcs
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		21,600	Pcs
Total Production per Annum		21,600	Pcs
Year		Capacity	KIDS WOOLEN SWEATER
		Utilisation	
I		60%	12,960.00
II		65%	14,040.00
III		70%	15,120.00
IV		75%	16,200.00
V		80%	17,280.00

Raw Material

72 Pcs Required
21600 Pcs Required

14 Kg
4200 Kg

Raw Material Consumed	Capacity Utilisation	Rate per Kg	Amount (Rs.)
I	60%	320.00	8.06
II	65%	340.00	9.28
III	70%	360.00	10.58
IV	75%	380.00	11.97
V	80%	400.00	13.44

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	432.00	468.00	504.00	540.00
Production	12,960.00	14,040.00	15,120.00	16,200.00	17,280.00
Less : Closing Stock(10 Days)	12,960.00	14,472.00	15,588.00	16,704.00	17,820.00
	432.00	468.00	504.00	540.00	576.00
Net Sale	12,528.00	14,004.00	15,084.00	16,164.00	17,244.00
Sale Price per Kg	140.00	150.00	160.00	170.00	180.00
Sale (in Lacs)	17.54	21.01	24.13	27.48	31.04

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	0.51	0.60	0.69	0.78	0.88
Raw Material					
(15 Days requirement)	0.40	0.46	0.53	0.60	0.67
Closing Stock	0.92	1.06	1.21	1.38	1.55

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	0.92		
Less:			
Sundry Creditors	0.40		
Paid Stock	0.51	0.05	0.46
Sundry Debtors	1.17	0.12	1.05
Working Capital Requirement			1.52
Margin			0.17
MPBF			1.52
Working Capital Demand			1.50

BREAK UP OF LABOUR				
Particulars	Wages Per Month	No of Employees	Total Salary	
				-
Plant Operator	10,000.00	1	10,000.00	
Unskilled Worker	8,000.00	1	8,000.00	
Helper	8,000.00	1	8,000.00	
				-
				26,000.00
Add: 5% Fringe Benefit				1,300.00
Total Labour Cost Per Month				27,300.00
Total Labour Cost for the year (In Rs. Lakhs)		3		3.28

BREAK UP OF SALARY				
Particulars	Salary Per Month	No of Employees	Total Salary	
				-
Accountant cum store keeper	10,000.00	1	10,000.00	
Sales	8,000.00	1	8,000.00	
Total Salary Per Month				18,000.00
Add: 5% Fringe Benefit				900.00
Total Salary for the month				18,900.00
Total Salary for the year (In Rs. Lakhs)		2		2.27

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	2.50	0.50	5.00
	-	2.00	2.50	0.50	5.00
		-	-	-	
TOTAL		2.00	2.50	0.50	5.00
Less : Depreciation	-	0.20	0.38	0.05	0.63
WDV at end of Ist year	-	1.80	2.13	0.45	4.38
Additions During The Year	-	-	-	-	-
	-	1.80	2.13	0.45	4.38
Less : Depreciation	-	0.18	0.32	0.05	0.54
WDV at end of IIInd Year	-	1.62	1.81	0.41	3.83
Additions During The Year	-	-	-	-	-
	-	1.62	1.81	0.41	3.83
Less : Depreciation	-	0.16	0.27	0.04	0.47
WDV at end of IIIrd year	-	1.46	1.54	0.36	3.36
Additions During The Year	-	-	-	-	-
	-	1.46	1.54	0.36	3.36
Less : Depreciation	-	0.15	0.23	0.04	0.41
WDV at end of IV year	-	1.31	1.31	0.33	2.95
Additions During The Year	-	-	-	-	-
	-	1.31	1.31	0.33	2.95
Less : Depreciation	-	0.13	0.20	0.03	0.36
WDV at end of Vth year	-	1.18	1.11	0.30	2.59

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	4.50	4.50	0.12	-	4.50
	IInd Quarter	4.50	-	4.50	0.12	-	4.50
	IIIrd Quarter	4.50	-	4.50	0.12	0.25	4.25
	Ivth Quarter	4.25	-	4.25	0.12	0.25	4.00
					0.49	0.50	
II	Opening Balance						
	Ist Quarter	4.00	-	4.00	0.11	0.25	3.75
	IInd Quarter	3.75	-	3.75	0.10	0.25	3.50
	IIIrd Quarter	3.50	-	3.50	0.10	0.25	3.25
	Ivth Quarter	3.25		3.25	0.09	0.25	3.00
					0.40	1.00	
III	Opening Balance						
	Ist Quarter	3.00	-	3.00	0.08	0.25	2.75
	IInd Quarter	2.75	-	2.75	0.08	0.25	2.50
	IIIrd Quarter	2.50	-	2.50	0.07	0.25	2.25
	Ivth Quarter	2.25		2.25	0.06	0.25	2.00
					0.29	1.00	
IV	Opening Balance						
	Ist Quarter	2.00	-	2.00	0.06	0.25	1.75
	IInd Quarter	1.75	-	1.75	0.05	0.25	1.50
	IIIrd Quarter	1.50	-	1.50	0.04	0.25	1.25
	Ivth Quarter	1.25		1.25	0.03	0.25	1.00
					0.18	1.00	
V	Opening Balance						
	Ist Quarter	1.00	-	1.00	0.03	0.25	0.75
	IInd Quarter	0.75	-	0.75	0.02	0.25	0.50
	IIIrd Quarter	0.50	-	0.50	0.01	0.25	0.25
	Ivth Quarter	0.25		0.25	0.01	0.25	-
					0.07	1.00	

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	1.33	1.90	2.62	3.71	4.54
Interest on Term Loan	0.49	0.40	0.29	0.18	0.07
Total	1.82	2.30	2.91	3.89	4.61
REPAYMENT					
Repayment of Term Loan	0.50	1.00	1.00	1.00	1.00
Interest on Term Loan	0.49	0.40	0.29	0.18	0.07
Total	0.99	1.40	1.29	1.18	1.07
DEBT SERVICE COVERAGE RATIO	1.84	1.64	2.26	3.30	4.32
AVERAGE D.S.C.R.			2.62		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	20	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				2,68,560.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				3.22
Year		Capacity		Amount
				(in Lacs)
I		60%		1.93
II		65%		2.10
III		70%		2.26
IV		75%		2.42
V		80%		2.58

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