

PROJECT REPORT

Of

JEGGINGS MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Jeggings 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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

JEGGING

Introduction

Jeggings are leggings that are made to look like skin-tight denim jeans. The word is a portmanteau of the words jeans and leggings.

Jeggings were brought on by the resurgence in style of skinny jeans in the late 2000s, when a higher demand for a tighter style of pants came about. Since jeggings are typically made of a cotton/spandex blend, (cotton being the primary fibre in most denim, a kind of serge), they are often worn on their own as opposed to under a skirt or dress. Some jeggings have front fastening facilities while others just have an elastic waistband and no pockets.

With respect to material, Jeggings fall into two main categories:

1. Jeggings that are legging material, i.e. a knit, made to look like denim with fake pockets and belt loops.
2. Jeggings that are a true cross between denim and legging material. "Denim jeggings" are essentially a denim fabric with the elasticity of a legging, due to a higher proportion of Spandex in the fibre content.

The latter are more similar to skinny jeans than the former. Some designers call "denim jeggings" pull-on jeans rather than jeggings.

Fashion Trend

Jeggings entered the fitness world in early 2010, and were among the most popular clothing items of 2010, according to business reporting. Many opt to wear jeggings in order to give the legging feel as well as the jean appearance.

Qualities of good Jegging

1. Active wear- they allow the wearer to move easily.
2. They Will Not Rip or Tear easily.
3. They help keep the wearer dry & Fresh.
4. Jeggings wearing appearance looks good.

Description of Jegging Machine

Machinery for Jeggings includes the following:

- Cutting Machine
- Swing/Stitching Machine
- Pressing Machine

Jegging Machines are used to produce Jegging from different types of Cloth/ fabric roll. With the help of this machine the work of cutting, stitching & pressing completes in a very short span.

Jeggings Market Analysis

Among Indian women, jeans, jegging or denim trousers are the most popular articles. Women across different age brackets and spanning all shapes and sizes like to wear denim as it is comfortable, functional and durable. Denim is also gaining popularity in athleisure form among women owing to the comfort provided by stretch denims. Women who are not at ease with western wear have taken up wearing jeans by pairing them with Indian ethnic wear like Kurtis. This mix and match style is gradually picking up, particularly among women in small towns and those who come from a traditional background and is likely to further fuel the growth of the segment.

This segment is expected to grow the fastest at the CAGR of 17.5 per cent.

Jeggings Manufacturing Process

- Procurement of raw Material.
- Layering of cloth.
- Cutting of fabric into the desired shapes & Size.
- Stitching of pieces into the final outcome.
- Attaching accessories (Button, belts etc.) on the stitched cloth.

- Manually extra thread cutting.
- Ironing of Jegging with the help of steam press.
- Packaging.

Machinery & Equipment's required:

Name	Quantity	Cost
Cutting Machine	1	15000
Stitching Machine	10	300000
Steam pressing Machine	2	160000
Total		4,75,000

- ❖ Cost of the machine is exclusive of GST & value of the machine varies with the change in batch size.

Land & Building required:

Land required 1200 Square Feet (approx.)

Approximate rent for the same is 24000.

Manpower Requirement:

15-17 Manpower is required for the Jegging Manufacturing unit.

Includes:

10 stitching

1 cutting person

1 Helper

2 for extra thread cutting

2 person for pressing

1 Person For packaging

Raw Material Requirement of Jegging

Cloth Roll is required for the manufacturing of Jegging.

Cost of 1 cloth roll is approx. Rs. 15000-20000

Jeggings that can be obtained from 1 roll = 60-70.

Average raw material cost per Jegging is approx. Rs. 250

Jeans License & registration

For Proprietor:

- Obtain the GST registration.
- 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

Conclusion:

After completion of manufacturing process, product is ready to sell in the market. This Unit can be installed with low investment & one can earn a good Margin of profit by doing this business.

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: **XX**
- E-Mail : **XX**
- Mobile **XX**
- 5** Product and By Product : Jegging
- 6** Name of the project / business activity proposed :
- 7** Cost of Project : **Rs.** 6.61
- 8 Means of Finance**
- Term Loan **Rs.** 5.94 Lacs
25% of 6.61 Lacs
- KVIC Margin Money **Rs.** (1.65 Lacs)
- Own Capital **Rs.** 2.16 Lacs
- 9** Debt Service Coverage Ratio :
- 10** Pay Back Period : 5 years
- 11** Project Implementation Period : 6 months
- 12** Employment : 3 KW
- 13** Power Requirement : connection
- 14** Major Raw materials : Cloth Fabric
- 15** Estimated Annual Sales Turnover : 138.60 Lacs (at 50% capacity)

16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land Building & Civil Work	-
Plant & Machinery	5.61
Furniture & Fixtures	1.00

MEANS OF FINANCE

Pre-operative Expenses	
Contingencies	
Working Capital Requirement	15.00
Total	21.61

Particulars	Amount
Own Contribution	2.16
Bank Finance	5.94
working capital from bank	4.50
Total	12.61

KVIC Margin (25% of 6.61)
Monery Rs. 1,65,250

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 5.94 Lacs and Working Capital limit of Rs. 13.5 Lacs

COST OF PROJECT

PARTICULARS	AMOUNT	AMOUNT	AMOUNT
Building Civil Work		10.00%	90.00%
Plant & Machinery	5.61	0.56	5.04
Furniture & Fixtures and Other Assets	1.00	0.10	0.90
Working capital	15.00	1.50	13.50
Total	21.61	2.26	19.44

MEANS OF FINANCE

PARTICULARS	AMOUNT
Own Contribution	2.16
Bank Loan	5.94
Working capital Limit	13.50
Total	21.61

COMPUTATION OF PRODUCTION OF JEGGING

Items to be Manufactured	
Jegging	
Per stitching machine capacity	5Piece per hour
10 machine capacity per day	300 KG
machine capacity per annum	72000 KG

Production of Jegging		
Production	Capacity	Jegging
1st year	60%	43,200
2nd year	65%	46,800
3rd year	70%	50,400
4th year	75%	54,000
5th year	80%	57,600

Raw Material Cost			
Year	Capacity Utilisation	Cost per piece	Amount (Rs. in lacs)
1st year	60%	250.00	108.00
2nd year	65%	262.00	122.62
3rd year	70%	263.00	132.55
4th year	75%	264.00	142.56
5th year	80%	265.00	152.64

Packaging Charges				
Raw Material	Jegging	Rate per piece	Amount (Rs. in lacs)	
1st year	43,200	1.00	0.43	
2nd year	46,800	1.20	0.56	
3rd year	50,400	1.40	0.71	
4th year	54,000	1.60	0.86	
5th year	57,600	1.80	1.04	

<u>COMPUTATION OF SALE</u>						
Particulars	1st year	2nd year	3rd year	4th year	5th year	
Op Stock	-	3,600	3,900	4,200	4,500	
Production	43,200	46,800	50,400	54,000	57,600	
Less : Closing Stock	3,600	3,900	4,200	4,500	4,800	
Net Sale	39,600	46,500	50,100	53,700	57,300	
sale price per piece	350.00	355.00	360.00	365.00	370.00	
Sales (in Lacs)	138.60	165.08	180.36	196.01	212.01	

BREAK UP OF LABOUR CHARGES

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Skilled	11000	1	11000
Stiching person	12000	10	120000
Skilled presser	10500	2	21000
helper	8000	1	8000
unskilled labour	10000	3	30000
Total Salary Per Month			190000
Total Annual Labour Charges	(in Lacs)		22.80

Utility Charges at 100% capacity (per month)

Particulars	value	Description
Power connection required	5	KWH
consumption per day	40	units
Consumption per month	800	units
Rate per Unit	8	Rs.
power Bill per month	6400	Rs.

PROJECTED PROFITABILITY STATEMENT					
	-	-	-		
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	60%	65%	70%	75%	80%
<u>SALES</u>					
Gross Sale					
Jeggings	138.60	165.08	180.36	196.01	212.01
Total	138.60	165.08	180.36	196.01	212.01
<u>COST OF SALES</u>					
Raw Mateiral Consumed	108.00	122.62	132.55	142.56	152.64
Elecricity Expenses	0.77	0.84	0.93	1.02	1.12
Depriciation	0.94	0.80	0.69	0.59	0.50
Consumables	2.77	3.30	3.61	3.92	4.24
Repair & maintenace	2.77	2.48	3.61	3.92	4.24
other direct expenses	2.77	1.16	1.26	1.37	1.48
Packaging charges	0.43	0.56	0.71	0.86	1.04
Labour	22.80	25.08	27.59	30.35	33.38
Cost of Production	141.26	156.84	170.94	184.59	198.65
Add: Opening Stock /WIP	-	11.77	13.07	14.25	15.38
Less: Closing Stock /WIP	11.77	13.07	14.25	15.38	16.55
Cost of Sales	129.49	155.54	169.77	183.46	197.48
GROSS PROFIT	9.11	9.53	10.59	12.55	14.53
Interest on Term Loan	0.59	0.55	0.45	0.34	0.05
Interest on working Capital	1.49	1.49	1.49	1.49	1.49
Rent	3.00	3.30	3.63	3.99	4.39
Selling & adm Exp	2.08	1.65	2.34	3.33	4.24

TOTAL	7.15	6.99	7.91	9.15	10.16
NET PROFIT	1.96	2.54	2.69	3.40	4.37
Taxation				-	-
PROFIT (After Tax)	1.96	2.54	2.69	3.40	4.37

PROJECTED BALANCE SHEET

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		3.62	5.17	6.76	8.15
<i>Add:- Own Capital</i>	2.16				
Add:- Retained Profit	1.96	2.54	2.69	3.40	4.37
Less:- Drawings	0.50	1.00	1.10	2.00	2.50
Closing Blance	3.62	5.17	6.76	8.15	10.02
Subsidy Reserve	1.65	1.65	1.65	-	-
Term Loan	5.46	4.50	3.54	0.95	0.00
Working Capital Limit	13.50	13.50	13.50	13.50	13.50
Sundry Creditors	4.50	5.11	5.52	8.91	9.03
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83
TOTAL :	29.04	30.33	31.52	32.17	33.38
<u>Assets</u>					
Fixed Assets (Gross)	6.61	6.61	6.61	6.61	6.61
Gross Dep.	0.94	1.75	2.43	3.02	3.53
Net Fixed Assets	5.66	4.86	4.17	3.58	3.08
FD of Subsidy	1.65	1.65	1.65		
Current Assets					
Sundry Debtors	3.47	3.78	4.13	5.31	5.92
Stock in Hand	16.27	18.18	19.77	21.32	22.91
Cash and Bank	1.99	1.86	1.80	1.94	1.47
TOTAL :	29.04	30.33	31.52	32.17	33.38

PROJECTED CASH FLOW STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.16				
Net Profit	1.96	2.54	2.69	3.40	4.37
Depreciation & Exp. W/off	0.94	0.80	0.69	0.59	0.50
Increase in Cash Credit	13.50	-	-	-	-
Increase In Term Loan	5.94	-	-	-	-
Increase in Creditors	4.50	0.61	0.41	3.39	0.12
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17
increase in subsidy	1.65				
TOTAL :	30.96	4.06	3.94	7.48	5.16
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	6.61				
Increase in Stock	16.27	1.91	1.59	1.55	1.59
Increase in Debtors	3.47	0.32	0.35	1.18	0.61
Repayment of Term Loan	0.48	0.96	0.96	2.61	0.93
Increase in FD	1.65	-	-		
Drawings	0.50	1.00	1.10	2.00	2.50
Taxation	-	-	-	-	-
TOTAL :	28.97	4.19	4.00	7.34	5.63
Opening Cash & Bank Balance	-	1.99	1.86	1.80	1.94
Add : Surplus	1.99 -	0.13 -	0.06	0.14 -	0.47
Closing Cash & Bank Balance	1.99	1.86	1.80	1.94	1.47

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	11.77	13.07	14.25	15.38	16.55
<u>Raw Material</u>					
	4.50	5.11	5.52	5.94	6.36
Closing Stock	16.27	18.18	19.77	21.32	22.91

COMPUTATION OF WORKING CAPITAL REQUIREMENT

TRADITIONAL METHOD					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	16.27				
Less : Creditors	4.50				
Paid stock	11.77	10%	1.18	90%	10.59
Sundry Debtors	3.47	10%	0.35	90%	3.12
	15.24		1.52		13.71
WORKING CAPITAL LIMIT DEMAND (from Bank)				13.50	

2nd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	21.72	23.82
Other Current Liabilities	4.80	5.51
Working Capital Gap	16.92	18.31
Min Working Capital		
25% of WCG	4.23	4.58
Actual NWC	3.42	4.81
item III - IV	12.69	13.73
item III - V	13.50	13.50
MPBF (Lower of VI & VII)	13.50	13.50

3rd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	21.72	23.82
Other Current Liabilities	4.80	5.51
Working Capital Gap	16.92	18.31
Min Working Capital		
25% of Current Assets	5.43	5.96
Actual NWC	3.42	4.81
item III - IV	11.49	12.36
item III - V	13.50	13.50
MPBF (Lower of VI & VII)	13.50	13.50

COMPUTATION OF DEPRECIATION

Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	5.61	1.00	6.61
Total	5.61	1.00	6.61
Less : Depreciation	0.84	0.10	0.94
WDV at end of Year	4.76	0.90	5.66
Additions During The Year	-	-	-
Total	4.76	0.90	5.66
Less : Depreciation	0.71	0.09	0.80
WDV at end of Year	4.05	0.81	4.86
Additions During The Year	-	-	-
Total	4.05	0.81	4.86
Less : Depreciation	0.61	0.08	0.69
WDV at end of Year	3.44	0.73	4.17
Additions During The Year	-	-	-
Total	3.44	0.73	4.17
Less : Depreciation	0.52	0.07	0.59
WDV at end of Year	2.93	0.66	3.58
Additions During The Year	-	-	-
Total	2.93	0.66	3.58
Less : Depreciation	0.44	0.07	0.50
WDV at end of Year	2.49	0.59	3.08
Additions During The Year	-	-	-
Total	2.49	0.59	3.08

Less : Depreciation	0.37	0.06	0.43
WDV at end of Year	2.11	0.53	2.65
Less : Depreciation	0.32	0.05	0.37
WDV at end of Year	1.80	0.48	2.28
Less : Depreciation	0.27	0.05	0.32
WDV at end of Year	1.53	0.43	1.96

REPAYMENT SCHEDULE OF TERM LOAN

Interest 11.00%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	5.94	5.94	-	-	5.94
	2nd month	5.94	-	5.94	0.05	-	5.94
	3rd month	5.94	-	5.94	0.05	-	5.94
	4th month	5.94	-	5.94	0.05		5.94
	5th month	5.94	-	5.94	0.05		5.94
	6th month	5.94	-	5.94	0.05		5.94
	7th month	5.94	-	5.94	0.05	0.080	5.86
	8th month	5.86	-	5.86	0.05	0.080	5.78
	9th month	5.78	-	5.78	0.05	0.080	5.70
	10th month	5.70	-	5.70	0.05	0.080	5.62
	11th month	5.62	-	5.62	0.05	0.080	5.54
	12th month	5.54	-	5.54	0.05	0.080	5.46
					0.59	0.480	
2nd	Opening Balance						
	1st month	5.46	-	5.46	0.05	0.080	5.38
	2nd month	5.38	-	5.38	0.05	0.080	5.30
	3rd month	5.30	-	5.30	0.05	0.080	5.22
	4th month	5.22	-	5.22	0.05	0.080	5.14
	5th month	5.14	-	5.14	0.05	0.080	5.06
	6th month	5.06	-	5.06	0.05	0.080	4.98
	7th month	4.98	-	4.98	0.05	0.080	4.90
	8th month	4.90	-	4.90	0.04	0.080	4.82
	9th month	4.82	-	4.82	0.04	0.080	4.74
	10th month	4.74	-	4.74	0.04	0.080	4.66
	11th month	4.66	-	4.66	0.04	0.080	4.58
	12th month	4.58	-	4.58	0.04	0.080	4.50

					0.55	0.960	
3rd	Opening Balance						
	1st month	4.50	-	4.50	0.04	0.080	4.42
	2nd month	4.42	-	4.42	0.04	0.080	4.34
	3rd month	4.34	-	4.34	0.04	0.080	4.26
	4th month	4.26	-	4.26	0.04	0.080	4.18
	5th month	4.18	-	4.18	0.04	0.080	4.10
	6th month	4.10	-	4.10	0.04	0.080	4.02
	7th month	4.02	-	4.02	0.04	0.080	3.94
	8th month	3.94	-	3.94	0.04	0.080	3.86
	9th month	3.86	-	3.86	0.04	0.080	3.78
	10th month	3.78	-	3.78	0.03	0.080	3.70
	11th month	3.70	-	3.70	0.03	0.080	3.62
	12th month	3.62	-	3.62	0.03	0.080	3.54
					0.45	0.960	
4th	Opening Balance						
	1st month	3.54	-	3.54	0.03	0.080	3.46
	2nd month	3.46	-	3.46	0.03	0.080	3.38
	3rd month	3.38	-	3.38	0.03	0.080	3.30
	4th month	3.30	-	3.30	0.03	0.080	3.22
	5th month	3.22	-	3.22	0.03	0.080	3.14
	6th month	3.14	-	3.14	0.03	0.080	3.06
	7th month	3.06	-	3.06	0.03	0.080	2.98
	8th month	2.98	-	2.98	0.03	0.080	2.90
	9th month	2.90	-	2.90	0.03	0.080	2.82
	10th month	2.82	-	2.82	0.03	0.080	2.74
	11th month	2.74	-	2.74	0.03	0.080	2.66
	12th month(Subsidy adjusted)	2.66	-	2.66	0.02	1.730	0.93
					0.34	2.610	
5th	Opening Balance						
	1st month	0.93	-	0.93	0.01	0.080	0.85

2nd month	0.85	-	0.85	0.01	0.080	0.77
3rd month	0.77	-	0.77	0.01	0.080	0.69
4th month	0.69	-	0.69	0.01	0.080	0.61
5th month	0.61	-	0.61	0.01	0.080	0.53
6th month	0.53	-	0.53	0.00	0.080	0.45
7th month	0.45	-	0.45	0.00	0.080	0.37
8th month	0.37	-	0.37	0.00	0.080	0.29
9th month	0.29	-	0.29	0.00	0.080	0.21
10th month	0.21	-	0.21	0.00	0.080	0.13
11th month	0.13	-	0.13	0.00	0.080	0.05
12th month	0.05	-	0.05	0.00	0.050	0.00
				0.05	0.85	
DOOR TO DOOR	60	MONTHS				
MORATORIUM PERIOD	6	MONTHS				
REPAYMENT PERIOD	54	MONTHS				

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