

PROJECT REPORT

Of

JEGGINGS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **JEGGINGS**.

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

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
Pin: xxxxxxxx State: xxxxxxxx
Mobile xxxxxxxx
- 5 Product and By Product : **JEGGINGS SMALL**
- 6 Name of the project / business activity proposed : **JEGGINGS MANUFACTURING UNIT**
- 7 Cost of Project : Rs.18.25 Lakhs
- 8 Means of Finance
Term Loan Rs.11.43 Lakhs
KVIC MARGIN MONEY As per Project Eligibility
Own Capital Rs.1.83 Lakhs
Working Capital Rs.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.68
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 44%
- 13 Employment : 20 Persons
- 14 Power Requirement : 5 KW
- 15 Major Raw materials : Cloth Fabrics, Needles, threads etc
- Estimated Annual Sales Turnover (Max Utilized Capacity) : 153.04 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	4.00
Plant & Machinery	7.45
Furniture & Fixtures	1.25
Working Capital Requirement	5.55
Total	18.25

MEANS OF FINANCE

Particulars	Amount
Own Contribution@10%	1.83
Term Loan	11.43
Working Capital	5.00
Total	18.25

	General	Special
Beneficiary Margin Money (% of Project Cost)	10%	5%

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	5	75000
Stitching Machine	10	350000
Steam pressing Machine	4	320000
Total		7,45,000

- ❖ 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.)

Manpower Requirement:

15-20 Manpower is required for the Jegging Manufacturing unit.

Includes:

10 stitching

4 cutting person

2 Helper

2 for extra thread cutting

2 person for pressing

Raw Material Requirement of Jegging

Cloth Roll is required for the manufacturing of Jegging.

Cost of 1 cloth roll is approx. Rs. 12500-15000

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

Average raw material cost per Jegging is approx. Rs. 178.57

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.

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution@10%	1.83	-			
Net Profit	1.04	3.28	6.05	8.98	11.75
Depreciation & Exp. W/off	1.64	1.42	1.23	1.07	0.93
Increase In Cash Credit	5.00				
Increase In Term Loan	11.43	-	-	-	-
Increase in Creditors	0.89	0.55	0.21	0.23	0.25
TOTAL :	21.83	5.25	7.49	10.28	12.93
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	12.70	-	-	-	-
Increase in Stock	3.51	0.47	0.55	0.60	0.65
Increase in Debtors	2.93	0.53	0.51	0.55	0.59
Repayment of Term Loan	1.27	2.54	2.54	2.54	2.54
Taxation	-	-	0.05	0.28	0.31
Drawings	-	2.00	4.00	6.00	8.00
TOTAL :	20.41	5.54	7.65	9.97	12.08
Opening Cash & Bank Balance	-	1.42	1.13	0.97	1.28
Add : Surplus	1.42	- 0.29	- 0.16	0.32	0.85
Closing Cash & Bank Balance	1.42	1.13	0.97	1.28	2.13

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	2.87	4.15	6.14	8.84
Add: Additions	1.83	-	-	-	-
Add: Net Profit	1.04	3.28	5.99	8.71	11.45
Less: Drawings	-	2.00	4.00	6.00	8.00
Closing Balance	2.87	4.15	6.14	8.84	12.29
CC Limit	5.00	5.00	5.00	5.00	5.00
Term Loan	10.16	7.62	5.08	2.54	-
Sundry Creditors	0.89	1.44	1.65	1.88	2.13
TOTAL :	18.92	18.20	17.87	18.26	19.41
APPLICATION OF FUND					
Fixed Assets (Gross)	12.70	12.70	12.70	12.70	12.70
Gross Dep.	1.64	3.06	4.30	5.37	6.29
Net Fixed Assets	11.06	9.64	8.40	7.33	6.41
Current Assets					
Sundry Debtors	2.93	3.46	3.96	4.52	5.10
Stock in Hand	3.51	3.98	4.53	5.13	5.77
Cash and Bank	1.42	1.13	0.97	1.28	2.13
TOTAL :	18.92	18.20	17.87	18.26	19.41
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	87.90	103.73	118.93	135.48	153.04
Total (A)	87.90	103.73	118.93	135.48	153.04
B) COST OF SALES					
Raw Mateiral Consumed	53.57	61.88	70.88	80.62	91.16
Electricity Expenses	0.90	0.99	1.08	1.17	1.26
Repair & Maintenance	0.44	0.52	0.59	0.68	0.77
Labour & Wages	17.49	19.24	21.16	23.28	25.61
Depreciation	1.64	1.42	1.23	1.07	0.93
Cost of Production	74.04	84.04	94.94	106.81	119.72
Add: Opening Stock /WIP	-	1.73	1.92	2.17	2.44
Less: Closing Stock /WIP	1.73	1.92	2.17	2.44	2.73
Cost of Sales (B)	72.31	83.85	94.69	106.54	119.43
C) GROSS PROFIT (A-B)	15.59	19.88	24.23	28.93	33.62
	17.73%	19.16%	20.38%	21.36%	21.97%
D) Bank Interest (Term Loan)	1.24	1.01	0.73	0.45	0.17
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	6.60	7.26	7.99	8.78	9.66
F) Selling & Adm Expenses Exp.	6.15	7.78	8.92	10.16	11.48
TOTAL (D+E)	14.54	16.60	18.19	19.95	21.87
G) NET PROFIT	1.04	3.28	6.05	8.98	11.75
	1.2%	3.2%	5.1%	6.6%	7.7%
H) Taxation	-	-	0.05	0.28	0.31
I) PROFIT (After Tax)	1.04	3.28	5.99	8.71	11.45

COMPUTATION OF PRODUCTION OF JEGGINGS**Item to be Manufactured JEGGINGS**

Manufacturing Capacity per Day		200	pcs
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		60,000	pcs
Year		Capacity Utilisation	JEGGINGS
I		50%	30,000
II		55%	33,000
III		60%	36,000
IV		65%	39,000
V		70%	42,000

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
Cloth Material	857	ROLLS	12500	10,714,285.71
Total	857.14			10,714,285.71
Total Raw material in Rs lacs	at 100% Capacity			107.14
Cost per Pcs			(In Rs)	178.57
Raw Material Consumed	Capacity Utilisation	Rate	Amount (Rs.)	
I	50%	178.57	53.57	
II	55%	187.50	61.88	5% Increase in Cost
III	60%	196.88	70.88	5% Increase in Cost
IV	65%	206.72	80.62	5% Increase in Cost
V	70%	217.05	91.16	5% Increase in Cost

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(7 Days requirement)	1.73	1.92	2.17	2.44	2.73
Raw Material					
(10 Days requirement)	1.79	2.06	2.36	2.69	3.04
Closing Stock	3.51	3.98	4.53	5.13	5.77

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.51		
Less:			
Sundry Creditors	0.89		
Paid Stock	2.62	0.26	2.36
Sundry Debtors	2.93	0.29	2.64
Working Capital Requirement			5.00
Margin			0.56
MPBF			5.00
Working Capital Demand			5.00

BREAK UP OF LABOUR

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Supervisor	10,000.00	1	10,000.00
Stitching Masters	9,000.00	10	90,000.00
Skilled Worker	7,500.00	3	22,500.00
Unskilled Worker	5,000.00	2	10,000.00
			132,500.00
Add: 10% Fringe Benefit			13,250.00
Total Labour Cost Per Month			145,750.00
Total Labour Cost for the year (In Rs. Lakhs)		16	17.49

BREAK UP OF SALARY

Particulars	Salary	No of	Total
	Per Month	Employees	Salary
Administrative Staff	12,500.00	4	50,000.00
Total Salary Per Month			50,000.00
Add: 10% Fringe Benefit			5,000.00
Total Salary for the month			55,000.00
Total Salary for the year (In Rs. Lakhs)		4	6.60

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	4.00	7.45	1.25	12.70
	-	4.00	7.45	1.25	12.70
TOTAL		4.00	7.45	1.25	12.70
Less : Depreciation	-	0.40	1.12	0.13	1.64
WDV at end of Ist year	-	3.60	6.33	1.13	11.06
Additions During The Year	-	-	-	-	-
	-	3.60	6.33	1.13	11.06
Less : Depreciation	-	0.36	0.95	0.11	1.42
WDV at end of IIInd Year	-	3.24	5.38	1.01	9.64
Additions During The Year	-	-	-	-	-
	-	3.24	5.38	1.01	9.64
Less : Depreciation	-	0.32	0.81	0.10	1.23
WDV at end of IIIrd year	-	2.92	4.58	0.91	8.40
Additions During The Year	-	-	-	-	-
	-	2.92	4.58	0.91	8.40
Less : Depreciation	-	0.29	0.69	0.09	1.07
WDV at end of IV year	-	2.62	3.89	0.82	7.33
Additions During The Year	-	-	-	-	-
	-	2.62	3.89	0.82	7.33
Less : Depreciation	-	0.26	0.58	0.08	0.93
WDV at end of Vth year	-	2.36	3.31	0.74	6.41

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	11.43	-	11.43	0.31	-	11.43
	IInd Quarter	11.43	-	11.43	0.31	-	11.43
	IIIrd Quarter	11.43	-	11.43	0.31	0.64	10.80
	Ivth Quarter	10.80	-	10.80	0.30	0.64	10.16
					1.24	1.27	
II	Opening Balance						
	Ist Quarter	10.16	-	10.16	0.28	0.64	9.53
	IInd Quarter	9.53	-	9.53	0.26	0.64	8.89
	IIIrd Quarter	8.89	-	8.89	0.24	0.64	8.26
	Ivth Quarter	8.26	-	8.26	0.23	0.64	7.62
					1.01	2.54	
III	Opening Balance						
	Ist Quarter	7.62	-	7.62	0.21	0.64	6.99
	IInd Quarter	6.99	-	6.99	0.19	0.64	6.35
	IIIrd Quarter	6.35	-	6.35	0.17	0.64	5.72
	Ivth Quarter	5.72	-	5.72	0.16	0.64	5.08
					0.73	2.54	
IV	Opening Balance						
	Ist Quarter	5.08	-	5.08	0.14	0.64	4.45
	IInd Quarter	4.45	-	4.45	0.12	0.64	3.81
	IIIrd Quarter	3.81	-	3.81	0.10	0.64	3.18
	Ivth Quarter	3.18	-	3.18	0.09	0.64	2.54
					0.45	2.54	
V	Opening Balance						
	Ist Quarter	2.54	-	2.54	0.07	0.64	1.91
	IInd Quarter	1.91	-	1.91	0.05	0.64	1.27
	IIIrd Quarter	1.27	-	1.27	0.03	0.64	0.64
	Ivth Quarter	0.64	-	0.64	0.02	0.64	0.00
					0.17	2.54	

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	2.69	4.70	7.23	9.78	12.38
Interest on Term Loan	1.24	1.01	0.73	0.45	0.17
Total	3.93	5.71	7.96	10.23	12.55
REPAYMENT					
Repayment of Term Loan	1.27	2.54	2.54	2.54	2.54
Interest on Term Loan	1.24	1.01	0.73	0.45	0.17
Total	2.51	3.55	3.27	2.99	2.71
DEBT SERVICE COVERAGE RATIO	1.56	1.61	2.43	3.42	4.62
AVERAGE D.S.C.R.			2.68		

COMPUTATION OF SALE

Particulars	I	II	III	IV	V
Op Stock	-	700.00	770.00	840.00	910.00
Production	30,000.00	33,000.00	36,000.00	39,000.00	42,000.00
	30,000.00	33,700.00	36,770.00	39,840.00	42,910.00
Less : Closing Stock(7 Days)	700.00	770.00	840.00	910.00	980.00
Net Sale	29,300.00	32,930.00	35,930.00	38,930.00	41,930.00
Sale Price per pcs	300.00	315.00	331.00	348.00	365.00
Sale (in Lacs)	87.90	103.73	118.93	135.48	153.04

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

Year	Capacity	Amount (in Lacs)
I	50%	0.90
II	55%	0.99
III	60%	1.08
IV	65%	1.17
V	70%	1.26

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	87.90	103.73	118.93	135.48	153.04
Less : Op. WIP Goods	-	1.73	1.92	2.17	2.44
Add : Cl. WIP Goods	1.73	1.92	2.17	2.44	2.73
Total Sales	89.63	103.92	119.18	135.75	153.34
Variable & Semi Variable Exp.					
Raw Material & Tax	53.57	61.88	70.88	80.62	91.16
Electricity Exp/Coal Consumption at 85%	0.76	0.84	0.92	0.99	1.07
Wages & Salary at 60%	14.45	15.90	17.49	19.24	21.16
Selling & administrative Expenses 80%	4.92	6.22	7.14	8.13	9.18
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
Repair & Maintenance	0.44	0.52	0.59	0.68	0.77
Total Variable & Semi Variable Exp	74.70	85.91	97.56	110.21	123.89
Contribution	14.93	18.02	21.62	25.54	29.45
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.13	0.15	0.16	0.18	0.19
Wages & Salary at 40%	9.64	10.60	11.66	12.83	14.11
Interest on Term Loan	1.24	1.01	0.73	0.45	0.17
Depreciation	1.64	1.42	1.23	1.07	0.93
Selling & administrative Expenses 20%	1.23	1.56	1.78	2.03	2.30
Other Indirect Expenses	0.00	0.00	0.00	0.00	0.00
Total Fixed Expenses	13.88	14.74	15.57	16.56	17.69
Capacity Utilization	50%	55%	60%	65%	70%
OPERATING PROFIT	1.04	3.28	6.05	8.98	11.75
BREAK EVEN POINT	47%	45%	43%	42%	42%
BREAK EVEN SALES	83.36	85.02	85.85	87.99	92.14

FINANCIAL INDICATORS					
PARTICULARS	I	II	III	IV	V
TURNOVER	87.90	103.73	118.93	135.48	153.04
GROSS PROFIT	15.59	19.88	24.23	28.93	33.62
G.P. RATIO	17.73%	19.16%	20.38%	21.36%	21.97%
NET PROFIT	1.04	3.28	6.05	8.98	11.75
PAT/SALES RATIO	1.19%	3.16%	5.08%	6.63%	7.68%
CURRENT ASSETS	7.86	8.57	9.46	10.93	13.01
CURRENT LIABILITIES	5.89	6.44	6.65	6.88	7.12
CURRENT RATIO	1.33	1.33	1.42	1.59	1.83
TERM LOAN	10.16	7.62	5.08	2.54	-
TOTAL NET WORTH	2.87	4.15	6.14	8.84	12.29
DEBT/EQUITY	3.54	1.84	0.83	0.29	-
TOTAL NET WORTH	2.87	4.15	6.14	8.84	12.29
TOTAL OUTSIDE LIABILITIES	16.05	14.06	11.73	9.42	7.12
TOL/TNW	5.59	3.39	1.91	1.06	0.58
PBDIT	4.48	6.26	8.56	11.06	13.40
INTEREST	1.79	1.56	1.28	1.00	0.72
INTEREST COVERAGE RATIO	2.50	4.01	6.67	11.02	18.51
WDV	11.06	9.64	8.40	7.33	6.41
TERM LOAN	10.16	7.62	5.08	2.54	-
FACR	1.09	1.26	1.65	2.89	-

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Cutting Machine	5	15000	75,000.00
Stitching Machine	10	35000	350,000.00
Steam pressing Machine	4	80000	320,000.00
Total Cost			745,000.00

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