

PROJECT REPORT

Of

LADIES SUITS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Ladies suits**.

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 LADIES SUITS



INTRODUCTION:

While global fashion trends bring garments of new style and design in market every day, women also look for a standard looking, easy to wear and functional outfit for long term use. Ladies suit is such a common outfit for women. It comprises of a kurta or top, salwar or churidar and optionally a dupatta. It provides ease of physical movement, convenience of household and office functions without any hurdles and smart look. It is formal dressing for women and can be worn on all occasions.

PRODUCT & ITS APPLICATION:

Ladies suit comprising of two or three pieces (with or without dupatta) is a formal dress and is used on all occasions. The use of Ladies suit started in north India and gradually spread to almost entire India. Over period of time, the variety in top or kurta has expanded to long kurta, short kurta, with or without sleeves and variety in churidar has expanded to leggings, palazzo and skirts etc. The use of this outfit is also growing outside India and increasing number of women in Asia and Europe now wear Salwar Kurta Dupatta in different styles & designs.

INDUSTRY OUTLOOK & TRENDS:

Market for Ladies Suit has witnessed a continuous growth in last two decades. The growth is result of increasing women literacy, number of working women, impact of urbanization in semi urban & rural areas and awareness of women's rights. The ladies suits are not just formal but are also comfortable and go well in offices, educational institutions and celebrations / events. Designer suits have become a rage with people having high disposable income. The demand follows income and education charts.

MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

An increasing number of women now prefer to work and therefore need formal clothing. Ladies suit offers good look, physical comfort and perfect functionality in office as well as industrial duties. It can also be worn on all outdoor occasions. Therefore the market for this product is simply huge. The price of a ladies suit varies from low of Rs500 to high of Rs10,000 depending on type of material, design, style, fitting and accessories etc. There are several branded and unbranded (local labels) products in the market. Although the competition is severe, there is room for every player to find his niche offering the right product and price. There is also some market for partly stitched ladies suits and unstitched dress material.

RAW MATERIAL REQUIREMENTS:

The main raw material is fabric. Variety of cotton and synthetic fabric is available in all major cities. Accessories like buttons, laces, zippers, patches, dangles, piping etc are also easily available with traders dealing in tailoring materials or dress materials.

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. Garments 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. Garments are then cleaned of loose yarn or dirt and packed in plastic bags as per customer requirements.

STATUTORY APPROVALS:

The project does not require any specific government approval. Registration with MSME is optional. An Entrepreneur may be required to obtain Shops & Establishment Registration and Professional Tax registration by local Municipal authorities. Registration under Factories Act, Provident Fund Act and ESI provisions would be required depending upon the number of employees, the location, the level of mechanization and the age of the enterprise. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

BACKWARD OR FORWARD INTEGRATION:

As the machines used in the project are versatile, the Entrepreneur can also consider manufacture of home furnishing articles like bed sheets, pillow covers, wall hangings etc depending on opportunities in the market he / she is familiar with.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouce's Name : XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block: XXXXX
 District : XXXXX State: XXXXX
 Pin: XXXXX
 E-Mail : XXXXX
 Mobile XXXXX
- 5 Product and By Product : **Ladies Suits**
- 6 Name of the project / business activity proposed **Ladies Suits**
- 7 Cost of Project : Rs25.00 lac
- 8 Means of Finance
 Term Loan Rs.17.26 Lacs
 KVIC Margin Money - As per Project Eligibility
 Own Capital Rs.2.5 Lacs
 Working Capital Rs.5.24 Lacs
- 9 Debt Service Coverage Ratio : 4.98
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 35%
- 13 Employment : 15 Persons
- 14 Power Requirement : 5.00 HP
- 15 Major Raw materials : Cloth material and accessories
- 16 Estimated Annual Sales Turnover : 100.21 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)	4.00
Plant & Machinery	13.00
Furniture & Fixtures	1.50
Pre-operative Expenses	0.68
Working Capital Requirement	5.82
Total	25.00

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	2.50
Term Loan	17.26
Workign Capital Finance	5.24
Total	25.00

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

PLANT & MACHINERY

Single Needle Machine	8	60,000.00	480,000.00
Double Needle Machine	4	75,000.00	300,000.00
Border/Piping machine	3	50,000.00	150,000.00
Over-lock Machine	3	40,000.00	120,000.00
Cutting Table & machine	1	100,000.00	100,000.00
Embroidary Machine	2	75,000.00	150,000.00
TotalMachinery			1,300,000.00

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.50	2.50	2.50	2.50	2.50
Retained Profit	10.44	22.47	36.42	53.47	73.39
Term Loan	17.26	12.95	8.63	4.32	2.16
Cash Credit	5.22	5.22	5.22	5.22	5.22
Sundry Creditors	4.66	5.44	6.22	6.99	7.77
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	40.45	48.97	59.43	72.97	91.56
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	18.50	18.50	18.50	18.50	18.50
Gross Dep.	2.43	4.59	6.45	8.05	9.43
Net Fixed Assets	16.08	13.92	12.05	10.45	9.07
Current Assets					
Sundry Debtors	7.01	8.35	9.55	10.75	11.94
Stock in Hand	3.47	6.12	6.99	7.87	8.74
Cash and Bank	11.39	17.83	27.80	40.59	58.16
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	40.45	48.97	59.43	72.97	91.56
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	100.21	119.30	136.40	153.50	170.60
Total (A)	100.21	119.30	136.40	153.50	170.60
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	66.60	77.70	88.80	99.90	111.00
Elecricity Expenses	0.43	0.50	0.57	0.64	0.72
Repair & Maintenance	-	1.19	1.36	1.54	1.71
Labour & Wages	13.99	15.39	16.93	18.62	20.49
Depriciation	2.43	2.16	1.86	1.60	1.38
Consumables and Other Expense	2.00	2.39	2.73	3.07	3.41
Cost of Production	85.45	99.33	112.26	125.38	138.70
Add: Opening Stock /WIP	-	1.92	2.23	2.55	2.87
Less: Closing Stock /WIP	1.92	2.23	2.55	2.87	3.19
Cost of Sales (B)	83.54	99.01	111.94	125.06	138.38
C) GROSS PROFIT (A-B)	16.67	20.29	24.46	28.44	32.22
	17%	17%	18%	19%	19%
D) Bank Interest (Term Loan)	1.46	1.55	1.05	0.56	0.09
Bank Interest (C.C. Limit)	0.52	0.52	0.52	0.52	0.52
E) Salary to Staff	2.24	2.47	2.72	2.99	3.29
F) Selling & Adm Expenses Exp.	2.00	2.39	2.73	3.07	3.41
TOTAL (D+E)	6.23	6.93	7.02	7.14	7.31
H) NET PROFIT	10.44	13.36	17.44	21.31	24.90
I) Taxation	-	1.34	3.49	4.26	4.98
J) PROFIT (After Tax)	10.44	12.03	13.96	17.04	19.92

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	10.44	13.36	17.44	21.31	24.90
Depriciation & Exp. W/off	2.43	2.16	1.86	1.60	1.38
Increase in Cash Credit	5.22	-	-	-	-
Increase In Term Loan	17.26	-	-	-	-
Increase in Creditors	4.66	0.78	0.78	0.78	0.78
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	42.87	16.33	20.12	23.73	27.11
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	18.50	-	-	-	-
Increase in Stock	3.47	2.65	0.87	0.87	0.87
Increase in Debtors	7.01	1.34	1.20	1.20	1.20
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	4.32	4.32	4.32	2.16
Taxation	-	1.34	3.49	4.26	4.98
TOTAL :	31.48	9.89	10.15	10.95	9.54
Opening Cash & Bank Balance	-	11.39	17.83	27.80	40.59
Add : Surplus	11.39	6.45	9.97	12.78	17.57
Closing Cash & Bank Balance	11.39	17.83	27.80	40.59	58.16

COMPUTATION OF MANUFACTURING OF LADIES SUITS

Items to be Manufactured

Ladies Suits

Manufacturing Capacity per day	-	200	Ladies Suits
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		60,000.00	Ladies Suits
Year		Capacity	
		Utilisation	
			Ladies Suits
IST YEAR		60%	36,000
IIND YEAR		70%	42,000
IIIRD YEAR		80%	48,000
IVTH YEAR		90%	54,000
VTH YEAR		100%	60,000

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%	60,000.00	100%	185.00	111.00
				Total (Rounded off in lacs)	111.00

Annual Consumption cost

(In Lacs)

111.00

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	60%	66.60
IIND YEAR	70%	77.70
IIIRD YEAR	80%	88.80
IVTH YEAR	90%	99.90
VTH YEAR	100%	111.00

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>Finished Goods</u>					
(15 Days requirement)	1.92	2.23	2.55	2.87	3.19
<u>Raw Material</u>					
(15 Days requirement)	1.55	3.89	4.44	5.00	5.55
Closing Stock	3.47	6.12	6.99	7.87	8.74

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total Amount
Stock in Hand			3.47
Sundry Debtors			7.01
		Total	10.48
Sundry Creditors			4.66
Working Capital Requirement			5.82
Margin			0.60
Working Capital Finance			5.22

BREAK UP OF LABOUR

Particulars		Wages Per Month	No of Employees	Total Salary
Stitching machine operator		7,500.00	6	45,000.00
Master Cutter		7,500.00	2	15,000.00
Skilled		5,000.00	6	30,000.00
Unskilled Worker		4,000.00	4	16,000.00
				106,000.00
Add: 10% Fringe Benefit				10,600.00
Total Labour Cost Per Month				116,600.00
Total Labour Cost for the year (In Rs. Lakhs)				13.99

BREAK UP OF SALARY

Particulars		Salary Per Month	No of Employees	Total Salary
Supervisor		10,000.00	1	10,000.00
Sales Man		7,000.00	1	7,000.00
Total Salary Per Month				17,000.00
Add: 10% Fringe Benefit				1,700.00
Total Salary for the month				18,700.00
Total Salary for the year (In Rs. Lakhs)				2.24

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	13.00	1.50	18.50
	-	4.00	13.00	1.50	18.50
Less : Depreciation	-	0.40	1.95	0.08	2.43
WDV at end of Ist year	-	3.60	11.05	1.43	16.08
Additions During The Year	-	-	-	-	-
	-	3.60	11.05	1.43	16.08
Less : Depreciation	-	0.36	1.66	0.14	2.16
WDV at end of IIInd Year	-	3.24	9.39	1.28	13.92
Additions During The Year	-	-	-	-	-
	-	3.24	9.39	1.28	13.92
Less : Depreciation	-	0.32	1.41	0.13	1.86
WDV at end of IIIrd year	-	2.92	7.98	1.15	12.05
Additions During The Year	-	-	-	-	-
	-	2.92	7.98	1.15	12.05
Less : Depreciation	-	0.29	1.20	0.12	1.60
WDV at end of IV year	-	2.62	6.79	1.04	10.45
Additions During The Year	-	-	-	-	-
	-	2.62	6.79	1.04	10.45
Less : Depreciation	-	0.26	1.02	0.10	1.38
WDV at end of Vth year	-	2.36	5.77	0.93	9.07

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	17.26	17.26	-	-	17.26
	IInd Quarter	17.26	-	17.26	0.50	-	17.26
	IIIrd Quarter	17.26	-	17.26	0.50	1.08	16.18
	Ivth Quarter	16.18	-	16.18	0.47	1.08	15.10
					1.46	2.16	
IIIND YEAR	Opening Balance						
	Ist Quarter	15.10	-	15.10	0.43	1.08	14.03
	IInd Quarter	14.03	-	14.03	0.40	1.08	12.95
	IIIrd Quarter	12.95	-	12.95	0.37	1.08	11.87
	Ivth Quarter	11.87	-	11.87	0.34	1.08	10.79
					1.55	4.32	
IIIRD YEAR	Opening Balance						
	Ist Quarter	10.79	-	10.79	0.31	1.08	9.71
	IInd Quarter	9.71	-	9.71	0.28	1.08	8.63
	IIIrd Quarter	8.63	-	8.63	0.25	1.08	7.55
	Ivth Quarter	7.55	-	7.55	0.22	1.08	6.47
					1.05	4.32	
IVTH YEAR	Opening Balance						
	Ist Quarter	6.47	-	6.47	0.19	1.08	5.39
	IInd Quarter	5.39	-	5.39	0.16	1.08	4.32
	IIIrd Quarter	4.32	-	4.32	0.12	1.08	3.24
	Ivth Quarter	3.24	-	3.24	0.09	1.08	2.16
					0.56	4.32	
VTH YEAR	Opening Balance						
	Ist Quarter	2.16	-	2.16	0.06	1.08	1.08
	IInd Quarter	1.08	-	1.08	0.03	1.08	-
	IIIrd Quarter	-	-	-	-	-	-
	Ivth Quarter	-	-	-	-	-	-
					0.09	2.16	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	12.87	14.19	15.82	18.65	21.31
Interest on Term Loan	1.46	1.55	1.05	0.56	0.09
Total	14.33	15.74	16.87	19.21	21.40
<u>REPAYMENT</u>					
Instalment of Term Loan	4.32	4.32	4.32	2.16	2.16
Interest on Term Loan	1.46	1.55	1.05	0.56	0.09
Total	5.77	5.87	5.37	2.72	2.25
DEBT SERVICE COVERAGE R	2.48	2.68	3.14	7.07	9.51
AVERAGE D.S.C.R.			4.98		

COMPUTATION OF SALE					
Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	840	980	1,120	1,260
Production	36,000	42,000	48,000	54,000	60,000
	36,000	42,840	48,980	55,120	61,260
Less : Closing Stock	840	980	1,120	1,260	1,400
Net Sale	35,160	41,860	47,860	53,860	59,860
Sale Price per dress	285.00	285.00	285.00	285.00	285.00
Sale (in Lacs)	100.21	119.30	136.40	153.50	170.60

*The above calculations are based on assumed unit sales price varying from Rs175 to Rs2000/ for various products.
The key raw material is assumed at a cost range of Rs75 to Rs150 per meter.
For ease of calculation the average sale price of dress is taken as Rs285/- and Raw material such as cost of cloth hooks, frills labels packaging etc as Rs185/-*

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION			
Total Working Hour per day	Hours	8	
Electric Load Required		5	
Load Factor		0.7460	
Electricity Charges	per unit	8.00	
Total Working Days		300	
Electricity Charges (8 Hrs Per day)			71,616.00
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%			0.72
Year	Capacity		Amount (in Lacs)
IST YEAR	60%		0.43
IIND YEAR	70%		0.50
IIIRD YEAR	80%		0.57
IVTH YEAR	90%		0.64
VTH YEAR	100%		0.72

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	100.21	119.30	136.40	153.50	170.60
Less : Op. WIP Goods	-	1.92	2.23	2.55	2.87
Add : Cl. WIP Goods	1.92	2.23	2.55	2.87	3.19
Total Sales	102.12	119.62	136.72	153.82	170.92
Variable & Semi Variable Exp.					
Raw Material & Tax	66.60	77.70	88.80	99.90	111.00
Electricity Exp/Coal Consumption at 85%	0.37	0.43	0.49	0.55	0.61
Manufacturing Expenses 80%	1.60	2.86	3.27	3.68	4.09
Wages & Salary at 60%	9.74	10.72	11.79	12.97	14.26
Selling & administrative Expenses 80%	1.60	1.91	2.18	2.46	2.73
Intt. On Working Capital Loan	0.52	0.52	0.52	0.52	0.52
Total Variable & Semi Variable Exp	80.44	94.14	107.05	120.08	133.22
Contribution	21.69	25.48	29.67	33.74	37.70
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.40	0.72	0.82	0.92	1.02
Electricity Exp/Coal Consumption at 15%	0.06	0.08	0.09	0.10	0.11
Wages & Salary at 40%	6.49	7.14	7.86	8.64	9.51
Interest on Term Loan	1.46	1.55	1.05	0.56	0.09
Depreciation	2.43	2.16	1.86	1.60	1.38
Selling & administrative Expenses 20%	0.40	0.48	0.55	0.61	0.68
Total Fixed Expenses	11.24	12.12	12.22	12.44	12.80
Capacity Utilization	75%	80%	85%	90%	95%
OPERATING PROFIT	10.44	13.36	17.44	21.31	24.90
BREAK EVEN POINT	39%	38%	35%	33%	32%
BREAK EVEN SALES	52.95	56.90	56.33	56.70	58.02

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