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PROJECT REPORT

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PROJECT:

Denim Garments Unit

PROJECT REPORT

Of

DENIM GARMENTS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Denim Garments 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.]

DENIM GARMENTS(JEANS, JACKETS, SHORTS)



INTRODUCTION:

Clothing is the basic necessity for humans. On one hand people want clothes of latest fashion and design and on the other hand they don't wish to take too much trouble maintaining such clothes. Introduction of Denim in late 19th century solved this problem. Not only is denim a rough and tough fabric, it does not need much maintenance. The current fashion in fact attaches higher value to denim garments having worn out, faded and old look!

MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

As denim fabric is heavier and stronger compared to normal suiting or shirting, the users feel comfortable going about their routine work without bothering about clothes getting dirty or creased or torn. Usage of denim started with professions involving tough manual work like cowboys, industrial workers and artisans. The comfort and rough nature of the fabric soon attracted attention of all and sundry. Today, denim is worn by almost every individual in the world in some form or the other. Even kids garments are made out of light weight denim! Students and office goers try to keep at least 4-5 denim garments in their wardrobe. The demand for denim garment has been growing in sync with the population. Denim garments with attractive embroidery and embellishments have become sophisticated fashion statements instead of original rough and tough feel. As denim has become common man's garment, the quality and price varies extensively between a very low quality garment costing just Rs 250 to niche product in luxury segment costing as much as Rs 5000. The demand for denim is worldwide. Since the manufacturing process is labour intensive, countries in Asia & Africa are more competitive when it comes to supplying to Europe & American markets.

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	9.61	12.89	16.93	20.76	24.31
Depriciation & Exp. W/off	2.57	2.23	1.91	1.64	1.40
Increase in Cash Credit	5.25	-	-	-	-
Increase In Term Loan	17.24	-	-	-	-
Increase in Creditors	7.20	1.20	1.20	1.20	1.20
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	44.72	16.36	20.08	23.64	26.97
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	18.40	-	-	-	-
Increase in Stock	7.92	1.32	1.32	1.32	1.32
Increase in Debtors	5.13	1.13	0.90	0.90	0.90
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	4.31	4.31	4.31	2.15
Taxation	-	1.29	3.39	4.15	4.86
TOTAL :	33.95	8.29	10.19	10.98	9.57
Opening Cash & Bank Balance	-	10.77	18.83	28.72	41.38
Add : Surplus	10.77	8.06	9.89	12.65	17.40
Closing Cash & Bank Balance	10.77	18.83	28.72	41.38	58.77

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.50	2.50	2.50	2.50	2.50
Retained Profit	9.61	21.21	34.76	51.36	70.81
Term Loan	17.24	12.93	8.62	4.31	2.15
Cash Credit	5.25	5.25	5.25	5.25	5.25
Sundry Creditors	7.20	8.40	9.60	10.80	12.00
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	42.15	50.68	61.16	74.70	93.24

APPLICATION OF FUND

Fixed Assets (Gross)	18.40	18.40	18.40	18.40	18.40
Gross Dep.	2.57	4.80	6.71	8.35	9.75
Net Fixed Assets	15.84	13.60	11.69	10.05	8.65
Current Assets					
Sundry Debtors	5.13	6.26	7.16	8.06	8.96
Stock in Hand	7.92	9.24	10.56	11.88	13.20
Cash and Bank	10.77	18.83	28.72	41.38	58.77
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	42.15	50.68	61.16	74.70	93.24

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	102.60	125.10	143.10	161.10	179.10
Total (A)	102.60	125.10	143.10	161.10	179.10
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	72.00	84.00	96.00	108.00	120.00
Elecricity Expenses	0.69	0.80	0.92	1.03	1.15
Repair & Maintenance	-	1.25	1.43	1.61	1.79
Labour & Wages	12.67	13.94	15.33	16.87	18.55
Depriciation	2.57	2.23	1.91	1.64	1.40
Consumables and Other Expense	2.05	2.50	2.86	3.22	3.58
Cost of Production	89.98	104.73	118.45	132.37	146.48
Add: Opening Stock /WIP	-	4.32	5.04	5.76	6.48
Less: Closing Stock /WIP	4.32	5.04	5.76	6.48	7.20
Cost of Sales (B)	85.66	104.01	117.73	131.65	145.76
C) GROSS PROFIT (A-B)	16.94	21.09	25.37	29.45	33.34
	17%	17%	18%	18%	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	3.30	3.63	3.99	4.39	4.83
F) Selling & Adm Expenses Exp.	2.05	2.50	2.86	3.22	3.58
TOTAL (D+E)	7.33	8.20	8.43	8.70	9.03
H) NET PROFIT	9.61	12.89	16.93	20.76	24.31
I) Taxation	-	1.29	3.39	4.15	4.86
J) PROFIT (After Tax)	9.61	11.60	13.55	16.60	19.45

DISCLAIMER

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