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## PROJECT REPORT

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**PROJECT:**

**SOCKS MANUFACTURING UNIT**

# **PROJECT REPORT**

## **Of**

# **SOCKS MANUFACTURING UNIT**

### **PURPOSE OF THE DOCUMENT**

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

## **SOCKS MANUFACTURING UNIT**

### **Introduction**

A **sock** is an item of clothing worn on the feet and often covering the ankle or some part of the calf. Some type of shoe or boot is typically worn over socks. In ancient times, socks were made from leather or matted animal hair. In the late 16th century, machine-knit socks were first produced. Until 1800 both hand knitting and machine knitting were used to produce socks, but after 1800, machine knitting became the predominant method.

One of the roles of socks is absorbing perspiration. The foot is among the heaviest producers of sweat in the body, as it can produce over 0.25 US pints of perspiration per day, socks help to absorb this sweat and draw it to areas where air can evaporate the perspiration. In cold environments, socks made from wool insulate the foot and decrease the risk of frostbite. Socks are worn with sport shoes (typically white-coloured socks) and dress shoes (typically dark-coloured socks). In addition to the numerous practical roles played by socks, they are also a fashion item, and they are available in myriad colours and patterns.

### **Socks Market Analysis**

The global socks market size was valued at USD 42.2 billion in 2018. Rising importance of maintaining formal attire among white-collar professionals on a global level is expected to play a crucial role in expanding the utility of socks. This, in turn, is expected to boost the market growth in the coming years.

<b>PROJECTED PROFITABILITY STATEMENT</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Capacity Utilisation %	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
Socks	15.84	19.49	21.96	24.55	27.25
<b>Total</b>	<b>15.84</b>	<b>19.49</b>	<b>21.96</b>	<b>24.55</b>	<b>27.25</b>
<b><u>COST OF SALES</u></b>					
Raw Material Consumed	2.02	2.23	2.45	2.68	2.90
Electricity Expenses	2.02	2.22	2.44	2.68	2.95
Depreciation	1.02	0.87	0.74	0.63	0.54
labour	3.24	3.56	3.92	4.31	4.74
Consumables	0.95	1.17	1.32	1.47	1.64
Repair & maintenance	0.82	1.01	1.14	1.28	1.42
other direct expenses	0.63	0.78	0.88	0.98	1.09
<b>Cost of Production</b>	<b>10.70</b>	<b>11.85</b>	<b>12.90</b>	<b>14.04</b>	<b>15.28</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>0.89</b>	<b>0.99</b>	<b>1.07</b>	<b>1.17</b>
<b>Less: Closing Stock /WIP</b>	<b>0.89</b>	<b>0.99</b>	<b>1.07</b>	<b>1.17</b>	<b>1.27</b>
Cost of Sales	9.81	11.75	12.81	13.94	15.18
<b>GROSS PROFIT</b>	<b>6.03</b>	<b>7.74</b>	<b>9.16</b>	<b>10.61</b>	<b>12.08</b>
Interest on Term Loan	0.68	0.63	0.50	0.37	0.04
Interest on working Capital	0.22	0.22	0.22	0.22	0.22
Rent	2.88	3.17	3.48	3.83	4.22
Selling & adm Exp	1.19	1.85	2.24	2.21	3.27
<b>TOTAL</b>	<b>4.97</b>	<b>5.87</b>	<b>6.45</b>	<b>6.63</b>	<b>7.74</b>
NET PROFIT	1.06	1.87	2.71	3.97	4.33
Taxation					
PROFIT (After Tax)	1.06	1.87	2.71	3.97	4.33

<b>PROJECTED BALANCE SHEET</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Liabilities</u></b>					
Capital					
opening balance		1.48	2.10	3.06	4.83
Add:- Own Capital	0.92				
Add:- Retained Profit	1.06	1.87	2.71	3.97	4.33
Less:- Drawings	0.50	1.25	1.75	2.20	3.00
Closing Balance	1.48	2.10	3.06	4.83	6.17
Subsidy Reserve	1.75	1.75	1.75	-	-
Term Loan	5.75	4.67	3.59	0.76	-
Working Capital Limit	2.00	2.00	2.00	2.00	2.00
Sundry Creditors	0.08	0.09	0.10	0.17	0.17
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83
<b>TOTAL :</b>	<b>11.37</b>	<b>11.01</b>	<b>11.05</b>	<b>8.42</b>	<b>9.16</b>
<b><u>Assets</u></b>					
<b>Fixed Assets ( Gross)</b>	6.99	6.99	6.99	6.99	6.99
Gross Dep.	1.02	1.90	2.64	3.27	3.82
<b>Net Fixed Assets</b>	<b>5.97</b>	<b>5.09</b>	<b>4.35</b>	<b>3.72</b>	<b>3.17</b>
FD of Subsidy	1.75	1.75	1.75		
<b>Current Assets</b>					
Sundry Debtors	1.32	1.62	2.20	2.05	2.73
Stock in Hand	1.06	1.17	1.28	1.39	1.52
Cash and Bank	1.27	1.37	1.48	1.27	1.75
<b>TOTAL :</b>	<b>11.37</b>	<b>11.01</b>	<b>11.05</b>	<b>8.42</b>	<b>9.16</b>

**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>SOURCES OF FUND</u></b>					
Own Margin	0.92				
Net Profit	1.06	1.87	2.71	3.97	4.33
Depreciation & Exp. W/off	1.02	0.87	0.74	0.63	0.54
Increase in Cash Credit	2.00	-	-	-	-
Increase In Term Loan	6.29	-	-	-	-
Increase in Creditors	0.08	0.01	0.01	0.07	0.00
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17
increase in subsidy	1.75				
<b>TOTAL :</b>	<b>13.43</b>	<b>2.85</b>	<b>3.61</b>	<b>4.78</b>	<b>5.04</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	6.99				
Increase in Stock	1.06	0.11	0.11	0.11	0.12
Increase in Debtors	1.32	0.30	0.57	0.15	0.68
Repayment of Term Loan	0.54	1.08	1.08	2.83	0.76
Increase in FD	1.75	-	-		
Drawings	0.50	1.25	1.75	2.20	3.00
Taxation	-	-	-	-	-
<b>TOTAL :</b>	<b>12.16</b>	<b>2.75</b>	<b>3.51</b>	<b>4.99</b>	<b>4.56</b>
Opening Cash & Bank Balance	-	1.27	1.37	1.48	1.27
Add : Surplus	1.27	0.10	0.11	0.21	0.48
Closing Cash & Bank Balance	<b>1.27</b>	<b>1.37</b>	<b>1.48</b>	<b>1.27</b>	<b>1.75</b>

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