

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:
BABA SUIT
MANUFACTURING UNIT

PROJECT REPORT

OF

BABA SUIT MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Baba suit 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.

PROJECT AT GLANCE

| | |
|---|--------------------------|
| 1 Name of Proprietor/Director | XXXXXXXXXX |
| 2 Firm Name | XXXXXXXXXX |
| 3 Registered Address | XXXXXXXXXX |
| 4 Nature of Activity | XXXXXXXXXX |
| 5 Category of Applicant | XXXXXXXXXX |
| 6 Location of Unit | XXXXXXXXXX |
| 7 Cost of Project | 13.58 Rs. In Lakhs |
| 8 Means of Finance | |
| i) Own Contribution | 1.36 Rs. In Lakhs |
| ii) Term Loan | 9.23 Rs. In Lakhs |
| iii) Working Capital | 3.00 Rs. In Lakhs |
| 9 Debt Service Coverage Ratio | 3.06 |
| 10 Break Even Point | 0.78 |
| 11 Power Requiremnet | 10 KW |
| 12 Employment | 7 Persons |
| 13 Major Raw Materials | cotton clothes (Fabric). |
| 14 Details of Cost of Project & Means of Finance | |

| <u>Cost of Project</u> | <u>Amount in Lacs</u> |
|-----------------------------|-----------------------|
| Particulars | Amount |
| Land | Owned/Leased |
| Building & Civil Work | Owned/Leased |
| Plant & Machinery | 7.75 |
| Furniture & Fixture | 1.00 |
| Other Misc Assets | 1.50 |
| Working Capital Requirement | 3.33 |
| Total | 13.58 |

| <u>Means of Finance</u> | |
|-------------------------|--------------|
| Particulars | Amount |
| Own Contribution 10% | 1.36 |
| Term Loan Working 90% | 9.23 |
| capital Loan | 3.00 |
| Total | 13.58 |

BABA SUIT MANUFACTURING UNIT

1. INTRODUCTION



Rising disposable income of Indian households and changing lifestyles, especially in urban areas, is propelling the demand for Kids Wear in the country. Increasing number of nuclear families and rising number of dual income households is forecast to continue driving growth in the country's Kids Wear market in the coming years.

Indian culture is known as one of the richest and oldest cultures across the globe. However, increasing westernization, rising number of nuclear families and growing purchasing power is increasingly influencing consumers and thereby positively impacting the country's Kids Wear.

Nowadays, parents have started spending more on kids and want their kids to wear latest fashion branded apparel, and this trend is more prevalent in Tier I and II cities. Furthermore, increasing retail expansion and internet retailing is also contributing to the growth of Kids Wear market in the country. People are now more aware of international brands due to ads on television or internet.

2. MARKET POTENTIAL

The global baby apparel market size was USD 62.04 billion in 2019 and is projected to reach USD 82.54 billion by 2027, exhibiting a CAGR of 4.2% during the forecast period. Growing social media influence and changing fashion trends have strongly impacted the children-wear industry.

3. PRODUCT DESCRIPTION

3.1 PRODUCT USES

- Baba suit is normally used as a kid wears item for the child mainly age group 1 to 10 years.
- Baba suit is normally used as a fashion wear for children.

3.2 RAW MATERIAL REQUIREMENT

Baba Suit (Kids Wear) are made primarily from cotton clothes (Fabric). Cotton muslin fabric is also used for baba suits and it is known for its breathability. The open weave and lightweight fabric of muslin allows for proper airflow, reducing the risk of overheating. This quality helps keep your baby comfortable and safe, resulting in your peace of mind. Muslin fabric is also durable.

3.3 MANUFACTURING PROCESS

This process can be broken down into the following steps-

- Raw material procurement
- Production Process
- Design of the wear
- Cutting of fabric
- Washing of fabric
- Sewing of the different part of baba suit
- Proper assembly of the parts of the baba suit
- Pressing of the wear
- Quality checking phase
- Packaging of the product

4. PROJECT COMPONENT:

4.1 Plant & Machinery:

- Bed sewing machine
- Cloth pressing machine
- Cloth washing machine
- Cloth cutting machine
- Sewing measuring tools

| PROJECTED PROFITABILITY STATEMENT | | | | | (in Lacs) |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year |
| Capacity Utilisation % | 30% | 35% | 40% | 45% | 50% |
| <u>SALES</u> | | | | | |
| Gross Sale | | | | | |
| Baba Suit Manufacturing Unit | 49.25 | 63.05 | 75.56 | 89.36 | 104.12 |
| Total | 49.25 | 63.05 | 75.56 | 89.36 | 104.12 |
| <u>COST OF SALES</u> | | | | | |
| Raw Material Consumed | 27.65 | 33.94 | 40.70 | 47.95 | 56.16 |
| Electricity Expenses | 0.58 | 0.71 | 0.81 | 0.91 | 1.01 |
| Depreciation | 1.49 | 1.27 | 1.08 | 0.92 | 0.79 |
| Wages & labour | 5.28 | 5.81 | 6.68 | 8.02 | 8.82 |
| Repair & maintenance | 0.98 | 1.26 | 1.51 | 1.79 | 2.08 |
| Consumables | 1.72 | 2.52 | 3.02 | 3.57 | 4.16 |
| Cost of Production | 37.70 | 45.50 | 53.81 | 63.16 | 73.02 |
| Add: Opening Stock | - | 1.89 | 2.28 | 2.69 | 3.16 |
| Less: Closing Stock | 1.89 | 2.28 | 2.69 | 3.16 | 3.65 |
| Cost of Sales | 35.82 | 45.11 | 53.39 | 62.69 | 72.53 |
| GROSS PROFIT | 13.43 | 17.94 | 22.17 | 26.66 | 31.59 |
| G.P Ratio | 27.28% | 28.45% | 29.34% | 29.84% | 30.34% |
| Salary to Staff | 2.64 | 3.17 | 3.80 | 4.56 | 5.47 |
| Interest on Term Loan | 0.91 | 0.80 | 0.57 | 0.35 | 0.12 |
| Interest on working Capital | 0.33 | 0.33 | 0.33 | 0.33 | 0.33 |
| Rent | 1.80 | 2.07 | 2.48 | 2.73 | 3.01 |
| Selling and admin expenses | 5.42 | 7.82 | 9.60 | 10.54 | 12.49 |
| TOTAL | 11.09 | 14.18 | 16.78 | 18.52 | 21.43 |
| NET PROFIT | 2.34 | 3.75 | 5.38 | 8.15 | 10.16 |
| Taxation | | 0.06 | 0.16 | 0.47 | 0.78 |
| PROFIT (After Tax) | 2.34 | 3.69 | 5.22 | 7.68 | 9.38 |
| N.P Ratio | 4.75% | 5.85% | 6.91% | 8.59% | 9.01% |

| PROJECTED BALANCE SHEET | | | | | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (in Lacs) | | | | | |
| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year |
| <u>Liabilities</u> | | | | | |
| Capital | | | | | |
| Opening balance | | 2.20 | 3.89 | 6.11 | 7.78 |
| Add:- Own Capital | 1.36 | | | | |
| Add:- Retained Profit | 2.34 | 3.69 | 5.22 | 7.68 | 9.38 |
| Less:- Drawings | 1.50 | 2.00 | 3.00 | 6.00 | 6.50 |
| Closing Balance | 2.20 | 3.89 | 6.11 | 7.78 | 10.66 |
| Term Loan | 8.20 | 6.15 | 4.10 | 2.05 | - |
| Working Capital Limit | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Sundry Creditors | 1.38 | 1.70 | 2.04 | 2.40 | 2.81 |
| Provisions and other liabilities | 0.45 | 0.47 | 0.50 | 0.52 | 0.55 |
| TOTAL : | 15.23 | 15.21 | 15.74 | 15.75 | 17.02 |
| <u>Assets</u> | | | | | |
| Fixed Assets (Gross) | 10.25 | 10.25 | 10.25 | 10.25 | 10.25 |
| Gross Dep. | 1.49 | 2.76 | 3.84 | 4.77 | 5.56 |
| Net Fixed Assets | 8.76 | 7.49 | 6.41 | 5.48 | 4.69 |
| Current Assets | | | | | |
| Loans and advances | 1.50 | 1.00 | 1.30 | 0.50 | 0.80 |
| Sundry Debtors | 1.64 | 2.10 | 2.52 | 2.98 | 3.47 |
| Stock in Hand | 3.27 | 3.97 | 4.73 | 5.56 | 6.46 |
| Cash and Bank | 0.06 | 0.64 | 0.78 | 1.23 | 1.59 |
| TOTAL : | 15.23 | 15.21 | 15.74 | 15.75 | 17.02 |

PROJECTED CASH FLOW STATEMENT**(in Lacs)**

| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>SOURCES OF FUND</u> | | | | | |
| | 1.36 | | | | |
| Net Profit | 2.34 | 3.75 | 5.38 | 8.15 | 10.16 |
| Depreciation & Exp. W/off | 1.49 | 1.27 | 1.08 | 0.92 | 0.79 |
| Increase in Cash Credit | 3.00 | - | - | - | - |
| Increase In Term Loan | 9.23 | - | - | - | - |
| Increase in Creditors | 1.38 | 0.31 | 0.34 | 0.36 | 0.41 |
| Increase in provisions and other liabilities | 0.45 | 0.02 | 0.02 | 0.02 | 0.03 |
| TOTAL : | 19.24 | 5.36 | 6.83 | 9.46 | 11.39 |
| <u>APPLICATION OF FUND</u> | | | | | |
| Increase in Fixed Assets | 10.25 | | | | |
| Increase in Stock | 3.27 | 0.70 | 0.75 | 0.83 | 0.90 |
| Increase in Debtors | 1.64 | 0.46 | 0.42 | 0.46 | 0.49 |
| Increase in loans and advances | 1.50 | - 0.50 | 0.30 | - 0.80 | 0.30 |
| Repayment of Term Loan | 1.03 | 2.05 | 2.05 | 2.05 | 2.05 |
| Drawings | 1.50 | 2.00 | 3.00 | 6.00 | 6.50 |
| Taxation | - | 0.06 | 0.16 | 0.47 | 0.78 |
| TOTAL : | 19.18 | 4.78 | 6.68 | 9.01 | 11.03 |
| Opening Cash & Bank Balance | - | 0.06 | 0.64 | 0.78 | 1.23 |
| Add : Surplus | 0.06 | 0.58 | 0.14 | 0.45 | 0.36 |
| Closing Cash & Bank Balance | 0.06 | 0.64 | 0.78 | 1.23 | 1.59 |

| REPAYMENT SCHEDULE OF TERM LOAN | | | | | | | |
|---------------------------------|-----------------|--------|----------|-------|-------------|-------------|-----------------|
| Interest | | | | | | 11.00% | |
| Year | Particulars | Amount | Addition | Total | Interest | Repayment | Closing Balance |
| 1st | Opening Balance | | | | | | |
| | 1st month | - | 9.23 | 9.23 | - | - | 9.23 |
| | 2nd month | 9.23 | - | 9.23 | 0.08 | - | 9.23 |
| | 3rd month | 9.23 | - | 9.23 | 0.08 | - | 9.23 |
| | 4th month | 9.23 | - | 9.23 | 0.08 | - | 9.23 |
| | 5th month | 9.23 | - | 9.23 | 0.08 | - | 9.23 |
| | 6th month | 9.23 | - | 9.23 | 0.08 | - | 9.23 |
| | 7th month | 9.23 | - | 9.23 | 0.08 | 0.17 | 9.05 |
| | 8th month | 9.05 | - | 9.05 | 0.08 | 0.17 | 8.88 |
| | 9th month | 8.88 | - | 8.88 | 0.08 | 0.17 | 8.71 |
| | 10th month | 8.71 | - | 8.71 | 0.08 | 0.17 | 8.54 |
| | 11th month | 8.54 | - | 8.54 | 0.08 | 0.17 | 8.37 |
| | 12th month | 8.37 | - | 8.37 | 0.08 | 0.17 | 8.20 |
| | | | | | 0.91 | 1.03 | |
| 2nd | Opening Balance | | | | | | |
| | 1st month | 8.20 | - | 8.20 | 0.08 | 0.17 | 8.03 |
| | 2nd month | 8.03 | - | 8.03 | 0.07 | 0.17 | 7.86 |
| | 3rd month | 7.86 | - | 7.86 | 0.07 | 0.17 | 7.69 |
| | 4th month | 7.69 | - | 7.69 | 0.07 | 0.17 | 7.52 |
| | 5th month | 7.52 | - | 7.52 | 0.07 | 0.17 | 7.35 |
| | 6th month | 7.35 | - | 7.35 | 0.07 | 0.17 | 7.18 |
| | 7th month | 7.18 | - | 7.18 | 0.07 | 0.17 | 7.00 |
| | 8th month | 7.00 | - | 7.00 | 0.06 | 0.17 | 6.83 |
| | 9th month | 6.83 | - | 6.83 | 0.06 | 0.17 | 6.66 |
| | 10th month | 6.66 | - | 6.66 | 0.06 | 0.17 | 6.49 |
| | 11th month | 6.49 | - | 6.49 | 0.06 | 0.17 | 6.32 |
| | 12th month | 6.32 | - | 6.32 | 0.06 | 0.17 | 6.15 |
| | | | | | 0.80 | 2.05 | |
| 3rd | Opening Balance | | | | | | |
| | 1st month | 6.15 | - | 6.15 | 0.06 | 0.17 | 5.98 |
| | 2nd month | 5.98 | - | 5.98 | 0.05 | 0.17 | 5.81 |
| | 3rd month | 5.81 | - | 5.81 | 0.05 | 0.17 | 5.64 |
| | 4th month | 5.64 | - | 5.64 | 0.05 | 0.17 | 5.47 |
| | 5th month | 5.47 | - | 5.47 | 0.05 | 0.17 | 5.30 |
| | 6th month | 5.30 | - | 5.30 | 0.05 | 0.17 | 5.13 |
| | 7th month | 5.13 | - | 5.13 | 0.05 | 0.17 | 4.95 |
| | 8th month | 4.95 | - | 4.95 | 0.05 | 0.17 | 4.78 |
| | 9th month | 4.78 | - | 4.78 | 0.04 | 0.17 | 4.61 |
| | 10th month | 4.61 | - | 4.61 | 0.04 | 0.17 | 4.44 |
| | 11th month | 4.44 | - | 4.44 | 0.04 | 0.17 | 4.27 |
| | 12th month | 4.27 | - | 4.27 | 0.04 | 0.17 | 4.10 |
| | | | | | 0.57 | 2.05 | |
| 4th | Opening Balance | | | | | | |
| | 1st month | 4.10 | - | 4.10 | 0.04 | 0.17 | 3.93 |

| | | | | | | |
|----------------------------|------|--------|------|-------------|-------------|------|
| 2nd month | 3.93 | - | 3.93 | 0.04 | 0.17 | 3.76 |
| 3rd month | 3.76 | - | 3.76 | 0.03 | 0.17 | 3.59 |
| 4th month | 3.59 | - | 3.59 | 0.03 | 0.17 | 3.42 |
| 5th month | 3.42 | - | 3.42 | 0.03 | 0.17 | 3.25 |
| 6th month | 3.25 | - | 3.25 | 0.03 | 0.17 | 3.08 |
| 7th month | 3.08 | - | 3.08 | 0.03 | 0.17 | 2.90 |
| 8th month | 2.90 | - | 2.90 | 0.03 | 0.17 | 2.73 |
| 9th month | 2.73 | - | 2.73 | 0.03 | 0.17 | 2.56 |
| 10th month | 2.56 | - | 2.56 | 0.02 | 0.17 | 2.39 |
| 11th month | 2.39 | - | 2.39 | 0.02 | 0.17 | 2.22 |
| 12th month | 2.22 | - | 2.22 | 0.02 | 0.17 | 2.05 |
| | | | | 0.35 | 2.05 | |
| 5th Opening Balance | | | | | | |
| 1st month | 2.05 | - | 2.05 | 0.02 | 0.17 | 1.88 |
| 2nd month | 1.88 | - | 1.88 | 0.02 | 0.17 | 1.71 |
| 3rd month | 1.71 | - | 1.71 | 0.02 | 0.17 | 1.54 |
| 4th month | 1.54 | - | 1.54 | 0.01 | 0.17 | 1.37 |
| 5th month | 1.37 | - | 1.37 | 0.01 | 0.17 | 1.20 |
| 6th month | 1.20 | - | 1.20 | 0.01 | 0.17 | 1.03 |
| 7th month | 1.03 | - | 1.03 | 0.01 | 0.17 | 0.85 |
| 8th month | 0.85 | - | 0.85 | 0.01 | 0.17 | 0.68 |
| 9th month | 0.68 | - | 0.68 | 0.01 | 0.17 | 0.51 |
| 10th month | 0.51 | - | 0.51 | 0.00 | 0.17 | 0.34 |
| 11th month | 0.34 | - | 0.34 | 0.00 | 0.17 | 0.17 |
| 12th month | 0.17 | - | 0.17 | 0.00 | 0.17 | - |
| | | | | 0.12 | 2.05 | |
| DOOR TO DOOR | 60 | MONTHS | | | | |
| MORATORIUM PERIOD | 6 | MONTHS | | | | |
| REPAYMENT PERIOD | 54 | MONTHS | | | | |

CALCULATION OF D.S.C.R

| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | |
| CASH ACCRUALS | 3.83 | 4.96 | 6.30 | 8.60 | 10.17 |
| Interest on Term Loan | 0.91 | 0.80 | 0.57 | 0.35 | 0.12 |
| Total | 4.73 | 5.76 | 6.87 | 8.95 | 10.29 |
| | | | | | |
| <u>REPAYMENT</u> | | | | | |
| Instalment of Term Loan | 1.03 | 2.05 | 2.05 | 2.05 | 2.05 |
| Interest on Term Loan | 0.91 | 0.80 | 0.57 | 0.35 | 0.12 |
| | | | | | |
| Total | 1.93 | 2.85 | 2.62 | 2.40 | 2.17 |
| | | | | | |
| DEBT SERVICE COVERAGE RATIO | 2.45 | 2.02 | 2.62 | 3.73 | 4.74 |
| AVERAGE D.S.C.R. | 3.06 | | | | |

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