

PROJECT REPORT FOR
CLOTH SHOP



PREPARED FOR

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

PROJECT LOCATION

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

PREPARED BY:

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Project For:
CLOTH SHOP

C O N T E N T

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Project For:
CLOTH SHOP

I. PROJECT AT A GLANCE

1. Name of Promoter : xx
Address: xxxxxxxxxxxxxxxxxxxxxxxxxxxx

2. Project Cost : Rs. 15.00 Lakhs

3. Mean of Finance
 - A) T. L. facility from Bank : Rs.3.75 Lakhs
 - B) Cash Credit Loan from Bank : Rs.7.50 Lakhs
 - C) Own contribution : Rs 3.75 Lakhs

4. Rate of Interest : 11.00% Per Annum

5. Repayment : 60 monthly instalments @ Rs. 0.08 Lakhs EMI

6. Nature of Project : Cloth Shop

7. Employment Potential : 3 Nos.

8. Nature of the Firm : Proprietary Firm

9. Average Debt Coverage ratios : **2.47**

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Introduction

The readymade garment industry is considered an off-shoot of India's Textile industry which dates back to the middle of 19th century. The textile industry is the maximum revenue generating industry in the country. The industry can be divided into two segments, the natural fibre segment and the man made synthetic fibre segment. The industry even after the introduction of power – driven machines or mechanical process of button making, stitching or embroidery, continued to remain labour intensive and cheap labour is our forte. The overall demand of clothing has gone up in the state because of increasing degree of industrialisation, effecting clothing habits. The increasing level of communication leading to increased travel and tourism has in turn created the demand for both seasonal and occasional clothing.

LOCATION.

The unit here mentioned will set up in a rented building. Location plays a major role in overall output of the unit .

There will not be any problems if the required power and communication facilities are available. Then without any doubt one can easily say that the land selected is very suitable these type of units.

RAW MATERIALS.

The raw materials needed include fabrics of different kinds and other sewing materials. They are easily available and care will be taken on the quality of the same.

POWER

The total connected load required for running the unit is estimated as 2 H.P. only- single phase.

MANUFACTURING PROCESS.

The clothing are taken and cut to required design. Then they are stitched together to form the product. The necessary buttons, zips, hooks etc are fixed and it is then taken to ironing and ready for sale. The embroidery works are carried out if necessary.

MARKETING.

The marketing of any product is the decision making factor of the existence of the unit and on considering that the promoter has taken all the possible ways for marketing such as direct sales and personal contacts etc. In fact the promoter had made a wide network of marketing for the last one year and is capable for the forthcoming years also. The marketing area is concentrated in retail shops of small towns and there are a number of dealers through which the product can be

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sold. Most care will be taken in the change of fashion and trends as they are much affected in the field of ready-made garments.

STAFF & LABOUR.

The unit will be operated in one shift. The staff and labors needed for the unit will be selected from locally. The details of staff & labors are enlisted in the economics of the project.

CONCLUSION

On revealing the various aspects of the project and studying the financial & technical features of the scheme it can easily be noted that the above project will be a great success. The economics of the project is detailed as follows.

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II. ECONOMICS OF THE PROJECT

A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Shop (Already Existing)	-	-	-
2	Furniture & Interior	5.00	-	5.00
3	Working Capital	10.00	-	10.00
		<hr/>		
		15.00	-	15.00
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Means of Finance :

a) Own Contribution (25%)	3.75
b) T L facility from Bank (75%)	3.75
c) Cash Credit facility from Bank (75%)	7.50
	<hr/>
	15.00
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B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Sales	21.00	30.00	35.00	38.50	42.35	46.59
	Add : Increase in Cl.Stock	3.50	1.50	0.83	0.58	0.64	0.71
	Total Turnover	24.50	31.50	35.83	39.08	42.99	47.29
2	Material Purchase	14.00	20.00	23.33	25.67	28.23	31.06
3	Overheads						
	a) Direct	4.02	4.42	4.76	5.05	5.46	5.73
	b) Indirect	1.60	1.76	1.94	2.03	2.13	2.24
4	Balance	4.88	5.32	5.80	6.33	7.16	8.26
5	Interest on TL & CC	1.28	1.21	1.14	1.05	0.96	0.90
6	Depreciation	0.75	0.64	0.54	0.46	0.39	0.33
7	Preliminary expenses W/off	-	-	-	-	-	-
8	Profit after Interest & Dep.	2.85	3.47	4.12	4.82	5.82	7.03
9	Income Tax	-	0.35	0.41	0.48	0.36	0.61
10	Profit after Tax	2.85	3.12	3.71	4.34	5.45	6.42
11	Add: Depreciation & Pre Exp.	0.75	0.64	0.54	0.46	0.39	0.33
12	Add : Interest on TL & CC	1.28	1.21	1.14	1.05	0.96	0.90
13	Cash Accruals	4.88	4.97	5.39	5.85	6.80	7.65
14	Instalments of TL & Interest	1.88	1.88	1.88	1.88	1.88	-
15	DSCR	2.10	2.15	2.37	2.62	3.12	-
16	Average DSCR	2.47					
17	N.P. to Total receipts	13.56	10.40	10.60	11.27	12.88	13.79

Project For :
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C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
A	CASH INFLOW :						
1	Collection from Debtors	20.13	28.75	33.54	36.90	40.59	44.64
2	T.L. from Bank	3.75					
3	CC from bank	7.50					
4	Capital	3.75	-	-	-	-	-
	TOTAL (A)	35.13	28.75	33.54	36.90	40.59	44.64
B	CASH OUTFLOW :						
1	Fixed Assets	5.00	-	-	-	-	-
2	Payment to creditors	11.70	19.01	22.79	25.28	27.81	30.59
3	Direct overheads	4.02	4.42	4.76	5.05	5.46	5.73
4	Indirect Overheads	1.60	1.76	1.94	2.03	2.13	2.24
5	Interest on Bank Loan	1.28	1.21	1.14	1.05	0.96	0.90
6	Income Tax	-	0.35	0.41	0.48	0.36	0.61
7	Term Loan Repayment	0.60	0.66	0.74	0.83	0.92	-
8	Drawings	0.50	0.55	0.61	0.67	0.73	0.81
	TOTAL (B)	24.70	27.97	32.38	35.39	38.38	40.88
	SUMMERY:						
	Op. Cash & Bank Balance.	-	10.43	11.21	12.37	13.87	16.08
	Add : Surplus / (Deficit)	10.43	0.78	1.16	1.50	2.21	3.77
	Cl. Cash & Bank Balance.	10.43	11.21	12.37	13.87	16.08	19.84

Project For :
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D. BALANCE SHEET

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
A	ASSETS :						
1	Fixed Assets	4.25	3.61	3.07	2.61	2.22	1.89
2	Investments	-	-	-	-	-	-
3	Current Assets	14.80	18.33	21.78	25.48	30.09	36.50
4	Loans & Advances	-	-	-	-	-	-
	TOTAL (A)	19.05	21.94	24.86	28.09	32.31	38.39
B	LIABILITIES:						
1	Capital	6.10	8.67	11.77	15.44	20.17	25.78
2	Secured loans Term Loan	3.15	2.49	1.75	0.92	(0.00)	-
3	Sundry Creditors	2.30	3.29	3.84	4.22	4.64	5.11
4	Current Liabilities Cash Credit	7.50	7.50	7.50	7.50	7.50	7.50
	TOTAL (B)	19.05	21.94	24.86	28.09	32.31	38.39

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(Rs. Lacs)

E. CAPITAL ACCOUNT

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Op. Balance	-	6.10	8.67	11.77	15.44	20.17
2	Additions	3.75	-	-	-	-	-
3	Net Profit for the year.	2.85	3.12	3.71	4.34	5.45	6.42
	Sub Total	6.60	9.22	12.38	16.11	20.90	26.59
4	Less : Drawings	0.50	0.55	0.61	0.67	0.73	0.81
5	Cl. Balance	6.10	8.67	11.77	15.44	20.17	25.78

Project For :
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(Rs. Lacs)

F. SALES

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Sales per annum	21.00	30.00	35.00	38.50	42.35	46.59
2	Total Sale	21.00	30.00	35.00	38.50	42.35	46.59
3	Sundry Debtors (Credit period allowed 15 days)	0.88	1.25	1.46	1.60	1.76	1.94
4	Collection from Debtors	20.13	28.75	33.54	36.90	40.59	44.64

Project For :
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(Rs. Lacs)

G. MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Sale of material	21.00	30.00	35.00	38.50	42.35	46.59
2	Purchases of Material	14.00	20.00	23.33	25.67	28.23	31.06
3	Sundry Creditors (Assume 60 day Cedit Period allowed)	2.30	3.29	3.84	4.22	4.64	5.11
4	Payment to creditors	11.70	19.01	22.79	25.28	27.81	30.59
5	Stock of Material	3.50	5.00	5.83	6.42	7.06	7.76

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(Rs. Lacs)

H. DIRECT OVERHEADS

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Staff Salary (Monthly salary- Rs. 7,000/- per staff) (No. of staff- 3)	2.52	2.77	2.95	3.14	3.46	3.63
2	Other Overheads	1.50	1.65	1.82	1.91	2.00	2.10
	Total	4.02	4.42	4.76	5.05	5.46	5.73

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(Rs. Lacs)

I. INDIRECT OVERHEADS

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Travelling & Conveyance	0.50	0.55	0.61	0.64	0.67	0.70
2	Repairs & Maint.	0.25	0.28	0.30	0.32	0.33	0.35
3	Electricity Expenses (Off.)	0.36	0.40	0.44	0.46	0.48	0.50
4	Telephone Expenses	0.24	0.26	0.29	0.30	0.32	0.34
5	Misc. Expenses	0.25	0.28	0.30	0.32	0.33	0.35
		<u>1.60</u>	<u>1.76</u>	<u>1.94</u>	<u>2.03</u>	<u>2.13</u>	<u>2.24</u>

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J. TERM LOAN REPAYMENT AND INTEREST THEREON

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	TL / Op. Bal.	3.75	3.15	2.49	1.75	0.92	-
2	Repayment during the year	0.60	0.66	0.74	0.83	0.92	-
3	Cl. Balance	3.15	2.49	1.75	0.92	(0.00)	-
4	Interest at 11 per cent p.a.	0.38	0.31	0.24	0.15	0.06	-
5	Total repayment with Interest	1.88	1.88	1.88	1.88	1.88	-
6	Interest on CC (at 12 per cent p.a.)	0.90	0.90	0.90	0.90	0.90	0.90
	Total Interest	1.28	1.21	1.14	1.05	0.96	0.90

Term Loan Repayment Schedule

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				3.75
1	0.08	0.03	0.05	3.70
2	0.08	0.03	0.05	3.66
3	0.08	0.03	0.05	3.61
4	0.08	0.03	0.05	3.56
5	0.08	0.03	0.05	3.51
6	0.08	0.03	0.05	3.46
7	0.08	0.03	0.05	3.41
8	0.08	0.03	0.05	3.36
9	0.08	0.03	0.05	3.31
10	0.08	0.03	0.05	3.26
11	0.08	0.03	0.05	3.21
12	0.08	0.03	0.05	3.15
First Year	0.98	0.38	0.60	
13	0.08	0.03	0.05	3.10
14	0.08	0.03	0.05	3.05
15	0.08	0.03	0.05	3.00
16	0.08	0.03	0.05	2.94
17	0.08	0.03	0.05	2.89

18	0.08	0.03	0.06	2.83
19	0.08	0.03	0.06	2.78
20	0.08	0.03	0.06	2.72
21	0.08	0.02	0.06	2.66
22	0.08	0.02	0.06	2.61
23	0.08	0.02	0.06	2.55
24	0.08	0.02	0.06	2.49
Second Year	0.98	0.31	0.66	
25	0.08	0.02	0.06	2.43
26	0.08	0.02	0.06	2.37
27	0.08	0.02	0.06	2.31
28	0.08	0.02	0.06	2.25
29	0.08	0.02	0.06	2.19
30	0.08	0.02	0.06	2.13
31	0.08	0.02	0.06	2.07
32	0.08	0.02	0.06	2.01
33	0.08	0.02	0.06	1.94
34	0.08	0.02	0.06	1.88
35	0.08	0.02	0.06	1.81
36	0.08	0.02	0.06	1.75
Third Year	0.98	0.24	0.74	
37	0.08	0.02	0.07	1.68
38	0.08	0.02	0.07	1.62
39	0.08	0.01	0.07	1.55
40	0.08	0.01	0.07	1.48
41	0.08	0.01	0.07	1.42
42	0.08	0.01	0.07	1.35
43	0.08	0.01	0.07	1.28
44	0.08	0.01	0.07	1.21
45	0.08	0.01	0.07	1.14
46	0.08	0.01	0.07	1.07
47	0.08	0.01	0.07	0.99
48	0.08	0.01	0.07	0.92
Fourth Year	0.98	0.15	0.83	
49	0.08	0.01	0.07	0.85
50	0.08	0.01	0.07	0.78
51	0.08	0.01	0.07	0.70
52	0.08	0.01	0.08	0.63
53	0.08	0.01	0.08	0.55
54	0.08	0.01	0.08	0.47
55	0.08	0.00	0.08	0.40
56	0.08	0.00	0.08	0.32
57	0.08	0.00	0.08	0.24
58	0.08	0.00	0.08	0.16
59	0.08	0.00	0.08	0.08
60	0.08	0.00	0.08	(0.00)
Fifth Year	0.98	0.06	0.92	

Project For :
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K. CURRENT ASSETS

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Cl. Stock of Materials	3.50	5.00	5.83	6.42	7.06	7.76
	Total Inventory	3.50	5.00	5.83	6.42	7.06	7.76
2	Cash and bank Balance	10.43	11.21	12.37	13.87	16.08	19.84
3	Sundry Debtors	0.88	2.13	3.58	5.19	6.95	8.89
	Total	14.80	18.33	21.78	25.48	30.09	36.50

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L. FIXED ASSETS AND DEPRECIATION

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Furniture & Interior						
	Op. Balance	-	4.25	3.61	3.07	2.61	2.22
	Additions	5.00	-		-		
	Total	5.00	4.25	3.61	3.07	2.61	2.22
	Less : Depreciation	0.75	0.64	0.54	0.46	0.39	0.33
	Cl. WDV	4.25	3.61	3.07	2.61	2.22	1.89
	Total Depreciation	0.75	0.64	0.54	0.46	0.39	0.33
	Cl. WDV	4.25	3.61	3.07	2.61	2.22	1.89

Project For :
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M. WORKING CAPITAL

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Total Current Assets	14.80	18.33	21.78	25.48	30.09	36.50
2	Total Current Liabilities	2.30	3.29	3.84	4.22	4.64	5.11
3	Working Capital	12.50	15.04	17.95	21.26	25.45	31.40