

PROJECT REPORT

Of

SCHOOL BAG

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **School Bag Making**

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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

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
 Pin: XXXXX State: XXXXX
 E-Mail : XXXXX
 Mobile XXXXX
- 5 Product and By Product : School Bags
- 6 Name of the project / business activity proposed : Manufacturing of School Bags
- 7 Cost of Project : Rs. 17.59 Lacs
- 8 Means of Finance
 Term Loan Rs. 11.70 Lacs
 KVIC Margin Money As per Project Eligibility
 Own Capital Rs. 1.76 Lacs
- 9 Debt Service Coverage Ratio : 1.97
- 10 Pay Back Period : 5 Years Years
- 11 Project Implementation Period : 6 Months Months
- 12 Break Even Point :
- 13 Employment : 6 Persons
- 14 Power Requirement : 2 KVA
- 15 Major Raw materials : Cotton Canvas , Abrasion Resistant Fabrics, Cordura
- 16 Estimated Annual Sales Turnover : Rs. 25.65 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount		
Land	Rented / Owned		
Plant & Machinery	12.00		
Furniture & Fixtures	1.00		
Working Capital Requirement	4.59		
Total	17.59		

MEANS OF FINANCE

Particulars	Amount		
Own Contribution 10%	1.76		
Term Loan	11.70		
Working capital	4.13		
Total	17.59		

	General	Special
KVIC Margin Monery Urban	15%	25%
KVIC Margin Monery Rural	25%	35%

INTRODUCTION

The demand of school bags, both urban and rural areas is high and also continues to grow every year. With a population of over 120 crores, the count of students in every city and district is very high. Over that with the increase in awareness, there are a great number of students who have started going to schools and colleges from rural areas too. There being adequate demand, it is expected to have a bright prospect of the school bag making business.



Earlier there were very few types of material available for the making of schools bags and they were usually made manually. But nowadays, with the introduction of semi automatic heavy duty sewing machine, the bag manufacturing process becomes very easy and also requires very less labor for the same. This makes the school bag making a lucrative small scale business idea to venture into.

School bags are available in different design and size. These are required to each student starting from nursery to colleges. Cloth and other material make the quality of product and according to the product quality, concern would charge from customers.

FAVORABLE FACTORS

- Earlier there were very few types of material available for the making of schools bags and they were usually made manually. But nowadays, with the introduction of semi automatic heavy duty sewing machine, the bag manufacturing process becomes very easy and also requires very less labour.
- Making school bag can be done as home based business. Hence it saves entrepreneurs cost on accommodation.
- There is huge demand all of the year round.
- There is little risk involved in this business.

MARKETING & PROMOTION

Marketing and promotion are the steps which will decide the quick success of your business. Take extensive steps to promote the business so that every possible client and customer of the school bag knows about your business. These steps can include both online and offline. You can supply to the online shop according to their demand. You can as well create your own website and sell online.

Most of the schools, especially the private schools provide school bags to the students. So as an owner of the school bag making business, you can have a contract with any of the educational institute like schools or colleges to supply bags to them.

Taking a contract ensures a definite sale of a bulk amount of manufactured bag in every year and helps in getting a free flow of cash to the business. Over that, there are many private companies which provide bags to the employees. So along with educational institutes, private companies also provide a great opportunity of a great market to the business.

MANUFACTURING PROCESS

The process starts with the identification of cloth and design of bags, collection of material as per design followed by stitching. Bag fabric is mainly cut into three pieces i.e. front, back with top flap, and gusset. The front section is attached with a patch pocket for keeping small articles. Next, all the pieces are stitched in machine with a piping at the pocket, top edges and the sides. Two buckles with straps are provided with the bag. It is neatly finished after fixing stickers, chain, buck lace etc.

DETAIL OF EQUIPMENT

Brief detail of equipment is as under, however the actual requirement may differ from the list due to various activities associated with the manufacturing process may be carried on manually or through machine

S. No.	Description
1	Ball press
2.	Sewing machine flat bed Single needle
3.	Cylinder-bed sewing machine
4.	Board cutting machine
5.	Glazing machine
6.	Skiving machine
7.	Mini compressor
8.	Zinc block for design Embossing
9.	Tools and equipment
10.	Furniture and equipment
11.	Electrification and installation charges

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	1.76	1.76	1.76	1.76	1.76
Retained Profit	2.77	5.91	9.55	13.86	18.75
Term Loan	9.36	7.02	4.68	2.34	-
Cash Credit	4.13	4.13	4.13	4.13	4.13
Sundry Creditors	0.24	0.27	0.29	0.32	0.34
TOTAL :	18.25	19.09	20.41	22.40	24.97
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	13.00	13.00	13.00	13.00	13.00
Gross Dep.	1.85	3.48	4.86	6.04	7.05
Net Fixed Assets	11.15	9.53	8.14	6.96	5.95
Current Assets					
Sundry Debtors	2.58	2.44	2.63	2.82	3.00
Stock in Hand	2.25	2.49	2.68	2.87	3.06
Cash and Bank	2.28	4.64	6.96	9.76	12.96
TOTAL :	18.25	19.09	20.41	22.40	24.97
	-	-	-	-	-

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	1.76	-			
Reserve & Surplus	3.08	3.49	4.04	4.79	5.43
Depreciation & Exp. W / off	1.85	1.63	1.39	1.18	1.01
Increase in Cash Credit	4.13	-	-	-	-
Increase In Term Loan	11.70	-	-	-	-
Increase in Creditors	0.24	0.03	0.02	0.02	0.02
TOTAL :	22.75	5.15	5.45	5.99	6.46
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	13.00	-	-	-	-
Increase in Stock	2.25	0.24	0.19	0.19	0.19
Increase in Debtors	2.58 -	0.14	0.19	0.19	0.19
Repayment of Term Loan	2.34	2.34	2.34	2.34	2.34
Taxation	0.31	0.35	0.40	0.48	0.54
TOTAL :	20.47	2.79	3.12	3.20	3.26
Opening Cash & Bank Balance	-	2.28	4.64	6.96	9.76
Add : Surplus	2.28	2.36	2.33	2.79	3.20
Closing Cash & Bank Balance	2.28	4.64	6.96	9.76	12.96

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Capacity Utilisation %					
<u>A) SALES</u>					
Gross Sale(School Bags)	25.65	29.14	31.39	33.64	35.89
Other Income	0.15	0.15	0.15	0.15	0.15
Total (A)	25.80	29.29	31.54	33.79	36.04
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	10.32	11.72	12.62	13.52	14.42
Elecricity Expenses	0.96	1.04	1.12	1.20	1.28
Repair & Maintenance	1.28	1.46	1.57	1.68	1.79
Labour & Wages	4.44	4.88	5.37	5.91	6.50
Depreciation	1.85	1.63	1.39	1.18	1.01
Cost of Production	18.85	20.72	22.06	23.49	25.00
Add: Opening Stock /WIP	-	1.22	1.32	1.42	1.52
Less: Closing Stock /WIP	1.22	1.32	1.42	1.52	1.62
Cost of Sales (B)	17.64	20.62	21.96	23.39	24.90
C) GROSS PROFIT (A-B)	8.16	8.67	9.58	10.40	11.14
	32%	30%	31%	31%	31%
D) Bank Interest (Term Loan)	1.19	0.93	0.68	0.42	0.16
Bank Interest (C.C. Limit)	0.45	0.45	0.45	0.45	0.45
E) Salary to Staff	2.16	2.33	2.52	2.72	2.94
F) Selling & Adm Expenses Exp.	1.28	1.46	1.88	2.02	2.15
TOTAL (D+E)	5.09	5.18	5.53	5.61	5.71
H) NET PROFIT	3.08	3.49	4.04	4.79	5.43
I) Taxation	0.31	0.35	0.40	0.48	0.54
J) PROFIT (After Tax)	2.77	3.14	3.64	4.31	4.89
K) DIVIDEND	-	-	-	-	-
L) RETAINED PROFIT	2.77	3.14	3.64	4.31	4.89

COMPUTATION OF MANUFACTURING OF SCHOOL BAGS**Items to be Manufactured**

School Bags

Manufacturing Capacity	School Bags	60.00	Bags Per Day
		-	
No. of Working Hour		10	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum	School Bags	18,000.00	Pcs per Annum
		-	
Year		Capacity Utilization	
		School Bags	
IST YEAR		60%	10,800.00
IIND YEAR		65%	11,700.00
IIIRD YEAR		70%	12,600.00
IVTH YEAR		75%	13,500.00
VTH YEAR		80%	14,400.00

COMPUTATION OF SALE**School Bags**

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	540.00	585.00	630.00	675.00
Production	10,800.00	11,700.00	12,600.00	13,500.00	14,400.00
	10,800.00	12,240.00	13,185.00	14,130.00	15,075.00
Less : Closing Stock	540.00	585.00	630.00	675.00	720.00
Net Sale	10,260.00	11,655.00	12,555.00	13,455.00	14,355.00
Sale Price Per tonne	250.00	250.00	250.00	250.00	250.00
Sale (in Lacs)	25.65	29.14	31.39	33.64	35.89

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day			10 Hrs	
Electric Load Required			2 KVA	
Load Factor			0.08	
Electricity Charges			6.5 per unit	
Total Working Days			300	
Electricity Charges (10 Hrs Per day)				
=10*300 * 6.5* 0.746 * 10				1,45,470.00
Add : Minimim Charges (@ 10%)				14,547.00
				1,60,017.00
Total cost of Power & Fuel at 100%				1.60
Year		Capacity		Amount
				(in Lacs)
IST YEAR		60%		0.96
IIND YEAR		65%		1.04
IIIRD YEAR		70%		1.12
IVTH YEAR		75%		1.20
VTH YEAR		80%		1.28

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR	
Finished Goods						
(15 Days requirement)	1.22	1.32	1.42	1.52	1.62	
Raw Material						
(30 Days requirement)	1.03	1.17	1.26	1.35	1.44	
Closing Stock	2.25	2.49	2.68	2.87	3.06	

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Total		Own		Bank
	Amount		Margin		Finance
Stock in Hand	2.25	25%	0.56	75%	1.69
Sundry Debtors	2.58	25%	0.66	75%	1.93
	4.83		1.22		3.61
Sundry Creditors	0.24		-		0.24
	4.59		4.13		4.13
WORKING CAPITAL (HYP) FRESH DEMAND			4.13		
			4.13		

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Mchine Operator		15,000.00	1	15,000.00
Skilled Worker		10,000.00	1	10,000.00
Unskilled Worker		6,000.00	2	12,000.00
				37,000.00

Annual Cost (in lacs)

4.44

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Accountant		10,000.00	1	10,000.00
Marketing Executive		8,000.00	1	8,000.00
Total Salary Per Month				18,000.00

Annual Cost (in lacs)

2.16

COMPUTATION OF DEPRECIATION

Description	Land	Plant &	Furniture	TOTAL
		Machinery		
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	12.00	1.00	13.00
	-	12.00	1.00	13.00
Less : Depreciation	-	1.80	0.05	1.85
WDV at end of Ist year	-	10.20	0.95	11.15
Additions During The Year	-	-	-	-
	-	10.20	0.95	11.15
Less : Depreciation	-	1.53	0.10	1.63
WDV at end of IIInd Year	-	8.67	0.86	9.53
Additions During The Year	-	-	-	-
	-	8.67	0.86	9.53
Less : Depreciation	-	1.30	0.09	1.39
WDV at end of IIIrd year	-	7.37	0.77	8.14
Additions During The Year	-	-	-	-
	-	7.37	0.77	8.14
Less : Depreciation	-	1.11	0.08	1.18
WDV at end of IV year	-	6.26	0.69	6.96
Additions During The Year	-	-	-	-
	-	6.26	0.69	6.96
Less : Depreciation	-	0.94	0.07	1.01
WDV at end of Vth year	-	5.32	0.62	5.95

REPAYMENT SCHEDULE OF TERM LOAN

11%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	11.70	-	11.70	0.32	0.59	11.12
	Iind Quarter	11.12	-	11.12	0.31	0.59	10.53
	IIIrd Quarter	10.53	-	10.53	0.29	0.59	9.95
	Ivth Quarter	9.95	-	9.95	0.27	0.59	9.36
					1.19	2.34	
IIND YEAR	Opening Balance						
	Ist Quarter	9.36	-	9.36	0.26	0.59	8.78
	Iind Quarter	8.78	-	8.78	0.24	0.59	8.19
	IIIrd Quarter	8.19	-	8.19	0.23	0.59	7.61
	Ivth Quarter	7.61		7.61	0.21	0.59	7.02
					0.93	2.34	
IIIRD YEAR	Opening Balance						
	Ist Quarter	7.02	-	7.02	0.19	0.59	6.44
	Iind Quarter	6.44	-	6.44	0.18	0.59	5.85
	IIIrd Quarter	5.85	-	5.85	0.16	0.59	5.27
	Ivth Quarter	5.27		5.27	0.14	0.59	4.68
					0.68	2.34	
IVTH YEAR	Opening Balance						
	Ist Quarter	4.68	-	4.68	0.13	0.59	4.10
	Iind Quarter	4.10	-	4.10	0.11	0.59	3.51
	IIIrd Quarter	3.51	-	3.51	0.10	0.59	2.93
	Ivth Quarter	2.93		2.93	0.08	0.59	2.34
					0.42	2.34	
VTH YEAR	Opening Balance						
	Ist Quarter	2.34	-	2.34	0.06	0.59	1.76
	Iind Quarter	1.76	-	1.76	0.05	0.59	1.17
	IIIrd Quarter	1.17	-	1.17	0.03	0.59	0.58
	Ivth Quarter	0.58		0.58	0.02	0.59	0.00
					0.16	2.34	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
CASH ACCRUALS	4.62	4.77	5.03	5.49	5.90
Interest on Term Loan	1.19	0.93	0.68	0.42	0.16
Total	5.81	5.70	5.70	5.91	6.06
REPAYMENT					
Instalment of Term Loan	2.34	2.34	2.34	2.34	2.34
Interest on Term Loan	1.19	0.93	0.68	0.42	0.16
Total	3.53	3.27	3.02	2.76	2.50
DEBT SERVICE COVERAGE RATIO	1.65	1.74	1.89	2.14	2.42
AVERAGE D.S.C.R.			1.97		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	25.80	29.29	31.54	33.79	36.04
Less : Op. WIP Goods	-	1.22	1.32	1.42	1.52
Add : Cl. WIP Goods	1.22	1.32	1.42	1.52	1.62
Total Sales	27.02	29.39	31.64	33.89	36.14
Variable & Semi Variable Exp.					
Raw Material & Tax	10.32	11.72	12.62	13.52	14.42
Electricity Exp/Coal Consumption at 85%	0.82	0.88	0.95	1.02	1.09
Wages & Salary at 60%	3.96	4.33	4.74	5.18	5.66
Repair & Maintenance	1.28	1.46	1.57	1.68	1.79
Selling & administrative Expenses 80%	1.03	1.17	1.51	1.61	1.72
Intt. On Working Capital Loan	0.45	0.45	0.45	0.45	0.45
Total Variable & Semi Variable Exp	17.86	20.01	21.83	23.46	25.14
Contribution	9.16	9.38	9.81	10.42	11.00
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.14	0.16	0.17	0.18	0.19
Wages & Salary at 40%	2.64	2.89	3.16	3.45	3.78
Interest on Term Loan	1.19	0.93	0.68	0.42	0.16
Depreciation	1.85	1.63	1.39	1.18	1.01
Selling & administrative Expenses 20%	0.26	0.29	0.38	0.40	0.43
Total Fixed Expenses	6.08	5.89	5.76	5.64	5.57
Capacity Utilization	60%	65%	70%	75%	80%
OPERATING PROFIT	3.08	3.49	4.04	4.79	5.43
BREAK EVEN POINT	40%	41%	41%	41%	40%
BREAK EVEN SALES	17.94	18.45	18.59	18.32	18.29

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