



SCHOOL UNIFORM

Introduction

A school uniform is a standard set of clothing students wear when they go to some schools. It might have a particular colour of trousers or skirt, plus a matching shirt and perhaps a jacket or necktie, with matching shoes.

Originally, school uniforms were introduced to hide the social differences between students, but uniforms can also help with safety. Using standard uniforms can also save the money needed to buy extra clothes as fashion to impress other people at school.

Market Potential

The market size for Indian uniform garments is pegged at ₹12,000 crore and it is growing by 10 per cent per annum. The uniform garment sector is also witnessing a 10–15 per cent year-on-year growth.

The school uniform manufacturing industry is growing at faster pace and may become an Rs 25,000-crore sector by 2022 from Rs 18,000 crore in FY17, according to an industry official. Of the Rs 18,000-crore school uniform manufacturing industry, Rs 10,000 crore are in the organized sector and the rest are being catered to by unorganized players.

But the above scenario has been greatly affected owing to the ongoing Covid-19 which resulted in the closure of schools and institutions all over the world and thus the current market size cannot be ascertained.

Assumptions

1. For SME unit having yearly turnover of 500 lakhs, the Nayak Committee recommendation has been implemented by all the banks. Hence, we have worked out the funding requirement accordingly.
2. Sales of such trading units is majorly impacted by the selection of business location. The entrepreneur should examine all business aspects while selecting this location. Normally, school uniform unit is established in a prevalent market area. Thus, we have assumed that the unit has been set up in a market area.
3. The shop premises of this unit is taken on lease. 600 sq. ft. is the proposed area and is inclusive of go-down area, which shall be spacious for stock display and stock-keeping.
4. Computation of Closing Stock is done on the basis of Working Capital cycle which is assumed to be of 6 months.
5. DSCR is high because of the term loan component is lesser than working capital requirement. We have not considered repayment for working capital and it is running on a continuous basis.

Cost of Project

Particulars	Amount (Rs. in Lakhs)
Premises (Lease)	-
Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc. (600 sq. ft. @ Rs. 400 per sq. ft.) (Shop Premises)	2.40
Equipment	0.20
Furniture and Fixtures	0.25
Electrical Equipment	0.58
Desktop and Printer	-
Software Cost (Tally/SAP)	-
Inverter (10 kv office inverter)	0.30
Preliminary & Preoperative Expenses	0.88
Sub-total (A)	4.61
Working Capital Margin @ 25% of Total WC Requirement	6.25
Total Project Cost	10.86
Total Working Capital Required (Lump sum) (B)	25.00
MEANS OF FINANCE	
Total Funds Required (A+B)	29.61
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	3.46
WORKING CAPITAL (75% of B)	18.75
Total	22.21
Equity	7.40
Total	29.61

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
	Equipment			
1	Sewing Machine	2	10000	0.20
	Total			0.20
	Electrical Equipment			
1	AC	1	40000	0.40
2	Fan	LS	LS	0.08
3	Light	LS	LS	0.10
	Total			0.58
	Furniture and Fixtures			
1	Chairs	LS	LS	0.10
2	Bench	LS	LS	0.15
	Total			0.25

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary (1 months)	0.18
Rent Expenses (1 months; Rs. 30/sq. ft.)	0.18
Interest Cost for Both Term Loan And CC (period before commercial production)	0.02
Total	0.88

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Staff	2	2.40
Tailor	2	3.60

Profitability Statement

Particulars	Amount (Rs. in lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Total Working Days in a Year	300	300	300	300	300
Estimated Sales per Day	0.33	0.37	0.40	0.44	0.49
Annual Sales	100.00	110.00	121.00	133.10	146.41
Total income during the year	100.00	110.00	121.00	133.10	146.41
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	75.00	82.50	90.75	99.83	109.81
Salary	6.00	6.30	6.62	6.95	7.29
Rent	2.16	2.27	2.38	2.50	2.63
Power & utilities	0.60	0.61	0.62	0.64	0.65
Depreciation and Amortization	0.38	0.38	0.38	0.38	0.38
Administrative and General Expenses	2.00	2.20	2.42	2.66	2.93
Total Operating Expenses	86.14	94.26	103.17	112.95	123.69
Operating Profit (A-B)	13.86	15.74	17.83	20.15	22.72
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.27	0.21	0.15	0.09	0.03
Interest on WC Loan	1.59	1.59	1.59	1.59	1.59
Total Expenses	1.86	1.80	1.74	1.68	1.63
Net Profit Before Tax	12.00	13.93	16.08	18.46	21.10
Provision for Tax	3.00	3.48	4.02	4.62	5.27
Profit after Tax (PAT)	9.00	10.45	12.06	13.85	15.82

Breakeven Point

Break Even Point (BEP)		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	100.00	110.00	121.00	133.10	146.41
B.	Variable Cost					
	Stock Consumed	75.00	82.50	90.75	99.83	109.81
	Power and Utility	0.60	0.61	0.62	0.64	0.65
	Total Variable Cost	75.60	83.11	91.37	100.46	110.46
C.	Contribution (A-B)	24.40	26.89	29.63	32.64	35.95
D.	Fixed cost					
	Salary	6.00	6.30	6.62	6.95	7.29
	Rent Expenses	2.16	2.27	2.38	2.50	2.63
	Interest on Term Loan	0.27	0.21	0.15	0.09	0.03
	Interest on WC Loan	1.59	1.59	1.59	1.59	1.59
	Depreciation and Amortization	0.38	0.38	0.38	0.38	0.38
	Total Fixed Cost	10.40	10.75	11.12	11.51	11.93
E.	Breakeven Point	43%	40%	38%	35%	33%
F.	Cash BEP	41%	39%	36%	34%	32%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	9.00	10.45	12.06	13.85	15.82
ii	Depreciation	0.38	0.38	0.38	0.38	0.38
iii	Interest	0.27	0.21	0.15	0.09	0.03
A	Total (i + ii + iii)	9.65	11.04	12.59	14.32	16.24
i	Interest	0.27	0.21	0.15	0.09	0.03
ii	Principal repayment	0.69	0.69	0.69	0.69	0.69
B	Total (i + ii)	0.96	0.90	0.84	0.78	0.72
	DSCR (A / B)	10.06	12.26	14.96	18.29	22.43

Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 5 years, Rate of interest being 8.5% p.a.

Address of Vendors

Name of the Vendor	Address and Contact Number
Sizeplus Apparel Private Limited	Diamond Arcade, 4th Floor, Room No. 401 & 407 68, Jessore Road, Near Diamond Plaza Mall, Nagerbazar, Satgachi, Kolkata-700055, West Bengal, India Contact No.- 098366 69720
Skipper Synthetics Pvt. Ltd.	19 City Centre 3 rd Floor, Shop No. 309 & 310, Synagogue Street, Kolkata GPO, Kolkata- 700001, near Bhikharam Chandmal Contact No.- 03322109190

ANNEXURE - 1

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
I												
Principal												
Opening	3.46	3.40	3.35	3.29	3.23	3.17	3.11	3.06	3.00	2.94	2.88	2.83
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Closing	3.40	3.35	3.29	3.23	3.17	3.11	3.06	3.00	2.94	2.88	2.83	2.77
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
II												
Principal												
Opening	2.77	2.71	2.65	2.60	2.54	2.48	2.42	2.36	2.31	2.25	2.19	2.13
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Closing	2.71	2.65	2.60	2.54	2.48	2.42	2.36	2.31	2.25	2.19	2.13	2.08
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
III												
Principal												
Opening	2.08	2.02	1.96	1.90	1.85	1.79	1.73	1.67	1.62	1.56	1.50	1.44
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Closing	2.02	1.96	1.90	1.85	1.79	1.73	1.67	1.62	1.56	1.50	1.44	1.38
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
IV												
Principal												
Opening	1.38	1.33	1.27	1.21	1.15	1.10	1.04	0.98	0.92	0.87	0.81	0.75
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Closing	1.33	1.27	1.21	1.15	1.10	1.04	0.98	0.92	0.87	0.81	0.75	0.69
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
V												
Principal												
Opening	0.69	0.63	0.58	0.52	0.46	0.40	0.35	0.29	0.23	0.17	0.12	0.06
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Closing	0.63	0.58	0.52	0.46	0.40	0.35	0.29	0.23	0.17	0.12	0.06	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00