FEASIBILITY REPORT

ON

AKEYA DESIGN & TRAINING CENTRE

FACTORY ADDRESS

PLOT NO. : A-76- 77 BISIC SHILPO NAGORI, WAYSKHALI, SUNAMGANJ.

LIST OF CONTENTS

EXECUTIVE SUMMERY

1.	Name of the project	:	**AKEYA DESIGN & TRAINING CENTRE**
2.	Location of the project	:	PLOT NO. : A-76- 77 BISIC SHILPO NAGORI, WAYSKHALI, SUNAMGANJ.
1	Correspondence Office	:	PLOT NO. : A-76- 77 BISIC SHILPO NAGORI, WAYSKHALI, SUNAMGANJ.
2	The Project	:	The project has been designed to produce RMG products, Garments e products. It is a Garments, fabric industries.
3	Nature of the project	:	Garments and Shari's.
4	Proposal	:	Proposal is for the financial assistance of Tk. 312.05 Lac.
5	Nature of the company	:	Private Proprietorship.
6	Annual Production at rated Capacity	:	Tk.1125.00 Lacs
7	Area of project land	:	21 decimal,
8	Total price of imported machinery	:	Tk. 269.56 Lacs
9	Total price of local machinery	:	Tk. 55.50 Lacs
10	Raw materials	:	Cotton, Yarn, dying materials . and other chemicals and material
11	Management	:	Md. Aroj Ali, Proprietor- leading the business for a long time.
12	Man power	:	79 Nos.

13	**Cost of project and Means of Finance**	**:**	Cost of Project: (Tk. In Lac) Total Fixed Cost 590.70 Net working capital 167.16 ---------- Total Cost of the Project **757.86** Means of Finance: Bank Loan 312.05 Sponsors' equity 445.81 Total 757.86
14	Debt-equity ratio	**:**	41**.**18 **:** 58.82
15	Gross profit to sales (5th year)	**:**	Tk. 207.66 Lac
16	Operating profit to sales (5th yr)	**:**	Tk. 141.25 Lac
17	Debt-service coverage ratio	**:**	3.04
18	Break-even	**:**	Tk. 585.40 lac
19	Internal Rate of Return (IRR)	**:**	21.48%
20	Pay Back Period	**:**	7 yrs
21	Conclusion	**:**	The project is technically feasible, financially rewarding and economically viable. As such, it is suitable for Bank financing

SECTION – 1

MANAEMENT ASPECT

INTRODUCTION:

The garment industry is by far the country's most important manufacturer, earning around $5 billion annually and accounting for about two thirds of all exports. Today the apparel export sector is a multi-billion-dollar manufacturing and export industry in the country. The overall impact of the readymade garment exports is certainly one of the most significant social and economic developments in contemporary Bangladesh. With over one and over 10 million workers employed in semi-skilled and skilled jobs producing clothing for exports, the development of the apparel export industry has had far-reaching implications for the society and economy of Bangladesh.

Bangladesh has about 4,500 garment factories with up to 10 million livelihoods dependent on it directly or indirectly. About 80 per cent of garment workers are women. The Ready Made Garments sector has more potential than any other sector to contribute to the reduction of poverty. Two non-market "have led to an important role in the confirmation of the head of the industry continued success, these factors are (a) quotas under Multi-Fibre Arrangement1 (MFA) in the North American market, and (b) special market European markets. The whole procedure is strongly related with the trend of relocation of production. It has been reveals that the tendency of low labor charges is the key reason for the transfer of garment manufacturing in Bangladesh. Bangladesh Garment Sector and Global Chain the cause of this transfer can be clarified by the salary structure in the garment industry, all over the world. Apparel labor charge per hour (wages and fringe benefits, US$) in USA is 10.12 but it is only 0.30 in Bangladesh. This difference accelerated the world apparel exports from $3 billion in 1965, with developing nations making up just 14 percent of the total, to $119 billion in 1991, with developing nations contributing 59 percent. In 1991 the number of workers in the ready-made garment industry of Bangladesh was 582,000 and it grew up to 1,404,000 in 1998. In USA, however, 1991-figure showed 1,106.0 thousand workers in the apparel sector and in 1998 it turned down to 765.8 thousand.

The tremendous success of readymade garment exports from Bangladesh over the last two decades has surpassed the most optimistic expectations.

The project envisages New project of Garmemts, Hosiery, named **AKEYA DESIGN & TRAINING CENTRE.**The proposed project will be equipped with most modern, balanced and sophisticated china/Japan machinery and equipment to be imported from foreign cuntries and purchased from Local at competitive price. A good number of local quality machinery also will be used. The project will be operated by highly trained and skilled manpower. The company will appoint qualified experts for better performance. The factory will be based on self-sufficient continuous trouble free operation and timely delivery of goods manufactured. The scheme has been assessed covering technical, management, marketing, economic and financial aspects. The total cost of the project has been estimated at Taka 757.86 lac (including net working capital of Tk. 167.16 lac).

CORPORATE SET –UP:

The sponsors have already formed a Private Proprietorship Company.

MANAGEMENT OF THE COMPANY:

The overall management of the company will be vested with the proprietor of the concern. The Proprietor will formulate company's polices and provide guidelines for its day-to-day business operation. The proprietor is to look after the business affairs and other logistic support of the company. The Managerial and Technical Staff at different levels will assist the Proprietor as well as the partners. The sponsors of the projects is qualified and he have got sufficient experience in other businesses.

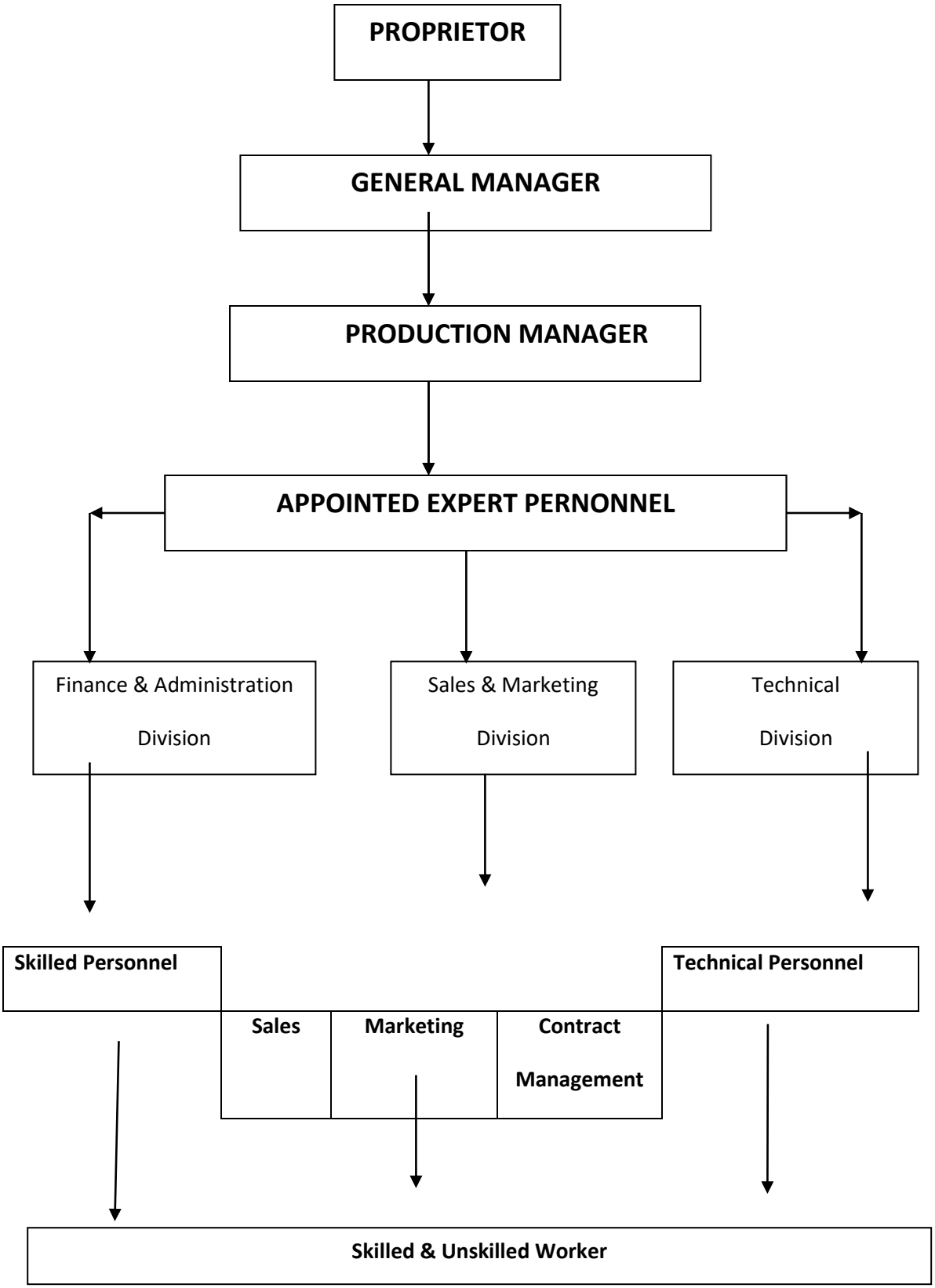
Sl	Name of the Proprietor	Address	Status	Share Holding (%)
01.	Md. Aroj Ali, Proprietor	Plot No. : A-76- 77 BISIC Shilpo Nagori, Waskhali, Sunamganj.	Proprietor	100%

PROPRIETORS PROFILE

a) Md. Aroj Ali, Proprietor

Md. Aroj Ali**, is** Proprietor of the company. The Proprietor of the company has wide experience in commercial & industrial sector. Mr. Ali is a Non Resident Bangladeshi. Presently he is engaged and managing several project of different sizes at UK & Sunanganj District. All of them are on own land. He is a renowned businessman of Bangladesh. He is a veteran social voluntary worker and related with several social organizations. He is an energetic and Youngman. He is financially sound, and man of strong personality and devoted to commitment.

THE PROPOSED ORGANIZATIONAL CHART:



SECTION -2

TECHNICAL ASPECT

PROJECT PURPOSE AND DESIGN:

The proposal envisages new project of named **AKEYA DESIGN & TRAINING CENTRE.** Proposed plant will be equipped with most modern, sophisticated and balanced machinery and equipment will be imported from Europe / USA at competitive price by local Agent / Supplier. A good number of quality local machinery also will be used. All technical and expertise support will be provided by the suppliers of machinery at erection and implementation stage. More over personnel of the company will be trained by them to ascertain the smote operation of the project.

Products:

The annual production capacity of the project based on two-shift operation of 8 hours per day and 300 working days in a year will be as follows:

Sl. No	Name of Product	Quantity	Unit	Rate in Tk.	Amount in Tk. '000'
01.	Gents Shirt/ T Shirt	120000	Pcs	250	30000
02.	Ladies Suits (Skirts/ kurta/ salwar)	25000	Pcs	800	20000
03.	Gents Trouser	50000	Pcs	300	15000
04.	Pollo Shirt	100000	PCS	350	35000
05.	Shari & Other Items			LS	12500
	Total				**112500**

Building and Other Civil Works:

About 9000 sq. ft. floor area would be required for office building, Factory shed, labour shed and guard room etc. Other civil Engineering works includes boundary wall internal road, drainage, approach, overhead tank etc. Based on recent market prices of construction materials the total cost of Civil engineering works have been estimated at Tk. 100.96 lac. Details of building and other civil engineering works are given in annexure1

A. Ground floor 5000 sft = Tk. 52,96,000.00

B. 1st Floor 4000 sft= Tk. 48,00,000.00

Total = Tk. 100,96,000.00

Machinery:

Imported Machinery:

The project will be equipped with brand new modern machinery & equipment. The complete range of importable machinery collected from local agent includes as follows:

Imported Machineries

S/No	DESCRIPTION	QNTY		PRICE (IN US$)	PRICE (IN US$)
1	**JUKI BRAND MODEL: DDL900BH7WBK,** CHINA ASSEMBLED, HEAVY DUTY, **DIRECT DRIVE**, 1-NEEDLE, LOCKSTITCH SEWING MACHINE & STANDARD ACCESSORIES WITH AN AUTOMATIC THREAD TRIMMER COMPT.SET WITH 220V AC **BUILT IN TYPE SERVO MOTOR, CONTROL BOX AND OPERATION PANEL WITH MORE PROGRAM & FUNCTION & LED LIGHT** WITH MALAYSIA MADE TABLE & STAND.	105	SETS	806.00	84,630.00
3	**JUKI BRAND MODEL: LH3528AGF,** CHINA SSEMBLED,HEAVY DUTY, 2-NEEDLE, NEEDLE FEED, SEMI-DRY-HEAD, LOCKSTITCH MACHINE & STANDARD ACCESSORIES, COMPT.SET WITH 220V AC MALAYSIA MADE TABLE & STAND.	9	SETS	1,625.00	14,625.00
4	**JUKI BRAND MODEL: LK1900BHS/MC670KSS,** JAPAN MADE, HEAVY DUTY, HIGH SPEED, COMPUTER CONTROLLED BARTACKING MACHINE WITH COMPACT TYPE AC SERVO MOTOR COMPT. SET WITH 220V AC 450W CHINA MADE CONTROL BOX, MALAYSIA MADE TABLE & STAND.	6	SETS	3,510.00	21,060.00
5	**JUKI BRAND MODEL: MEB3200JSKA,** JAPAN MADE, HIGH SPEED, **DIRECT DRIVE**, COMPUTER CONTROLLED EYELET BUTTON HOLE SEWING MACHINE WITH AN INTEGRATED NEEDLE, LOOPER & GIM THREAD TRIMMER WITH STANDARD ACCESSORIES 220V AC 550VA JAPAN MADE AC SERVO MOTOR , TABLE & STAND. **(DRY AIR COMPRESSOR REQUIRED)**.	1	SET	13,780.00	13,780.00
6	**KANSAI SPECIAL BRAND MODEL:DLR-1503 PTF, JAPAN MADE**, HIGH -SPEED, **FLAT BED** 3-NEEDLE, DOUBLE CHAIN STITCH ACHINE FOR ATTACHINE CURVED WAIST BAND STANDARD ACCESSORIES, COMPT.SET WITH 220V AC 250W, CHINA MADE CLUTCH MOTOR, TABLE & STAND.	5	SETS	1,600.00	8,000.00
				UNIT	**TOTAL**
S/No	**DESCRIPTION**	**QNTY**		**PRICE**	**PRICE**
				(IN US$)	**(IN US$)**

7	**KANSAI SPECIAL BRAND MODEL:B2000C,** **JAPAN MADE,** HIGH -SPEED, BELT LOOP MAKING MACHINE STANDARD ACCESSORIES, COMPT.SET WITH 220V AC 250W , CHINA MADE CLUTCH MOTOR, TABLE & STAND.	2	SETS	1,950.00	3,900.00
8	**JUKI BRAND MODEL: APW895NS12QR4K,** JAPAN MADE,SEMY DRY HEAD,LOCK STITCH AUTOMATIC WELTING MACHINE SA117N DAT STRETCHER, SA118NS SHIM DEVICE, SA131N, ADDITINAL MARKER,SA141MOVING MARKER WITH 12MM GAUGE & STANDARD ACCESSORIES.	1	SET	24,000.00	24,000.00
9	**JUKI BRAND MODEL : MO6716SDE440H / E35**	18	SETS	1,100.00	19,800.00
	CHINA ASSEMBLED, HIGH SPEED, 2-NEEDLE, 5- , THREAD, 3-LOOPER,OVERLOCK / SAFETY STITCH MACHINE WITH STANDARD ACCESSORIES, COMPT, SET WITH 220V AC 400W CHINA MADE CLUTCH MOTOR, MALAYSIA MADE TABLE & STAND.				
10	**JUKI BRAND MODEL: LK1903ANSS301 / MC598KSS,** JAPAN MADE, COMPUTER CONTROLLED, HIGH SPEED, LOCKSTITCH **BUTTON SEWING** MACHINE & STANDARD ACCESSORIES COMPT. SET WITH COMPACT TYPE AC SERVO MOTOR WITH CHINA MADE CONTROL BOX, MALAYSIA MADE TABLE & STAND.	2	SETS	5,200.00	10,400.00
11	**JUKI BRAND MODEL: MS1261F/VO45S,** JAPAN MADE, 3-NEEDLE, FEED OFF-THE- ARM, DOUBLE CHAINSTITCH MACHINE & STANDARD ACCESSORIES, **WITH PULLER** COMPT.SET WITH 220V AC 400W CHINA MADE CLUTCH MOTOR, MALAYSIA MADE TABLE & STAND.	9	SETS	4,950.00	44,550.00
12	**JUKI BRAND MODEL: LK1903ANSS301 / MC598KSS,** JAPAN MADE, COMPUTER CONTROLLED, HIGH SPEED, LOCKSTITCH **BUTTON SEWING** MACHINE & STANDARD ACCESSORIES COMPT. SET WITH COMPACT TYPE AC SERVO MOTOR WITH CHINA MADE CONTROL BOX, MALAYSIA MADE TABLE & STAND.	3	SETS	4,200.00	12,600.00
13	**JUKI BRAND MODEL: AMS210ENHLS2210SZ5000D /MC587K/IP420F,** JAPAN MADE, **SEMI DRY HEAD, DIRECT DRIVE,** COMPUTER-CONTROLLED CYCLE MACHINE WITH AN INPUT FUNCTION FOR TOPSTITCHING JEANS POCKETS, **IP420F** INTELLIGENT PANEL COMPT. SET WITH TABLE STAND AND MOTOR. (SEWING AREA: 100mm (L) X 220 mm (W)	1	SET	15,600.00	15,600.00
14	**KANSAI SPECIAL BRAND MODEL: DFB-1411PXP,** JAPAN MADE, 11-NEEDLE, 22-THREAD, ELASTIC INSERTING MACHINE & STANDARD ACCESSORIES WITH COMPT.SET WITH 220V AC 250W CHINA MADE CLUTCH MOTOR, WITH MALAYSIA MADE TABLE & STAND.	3	SETS	1,885.00	5,655.00
15	**KM BRAND MODEL: KS-AU-V-**10" STRAIGHT KNIFE CLOTH CUTTING MACHINECOMPLETE SET. MADE IN JAPAN.	2	SETS	1,365.00	2,730.00
16	**AMIDA BRAND:** CHINA MADE, PHEMATIC TYPE SNAP BUTTON MACHINE, COMPT.SET WITH 220V AC WITH TABLE, STAND & MOTOR.	6	SETS	1,100.00	6,600.00
17	**AMIDA BRAND: HD-650CE,** CHINA MADE, CONVEYOR TYPE NEEDLE DETECTOR MACHINE, COMPT.SET WITH STANDARD ACCESSORIES. DITECTING ABILITY:1.0MM,VOLTAGE:220V,	1	SET	5,850.00	5,850.00
18	**AMIDA BRAND: ST-30,** CHINA MADE, HANDY TYPE NEEDLE DETECTOR, COMPT.SET WITH STANDARD ACCESSORIES.	1	SET	200.00	200.00

19	**AMIDA BRAND MODEL:PM-600LFS,** CHINA MADE ,STRAIGHT FUSING PRESS MACHINE,PRESSURE(MAX)62N,,BELT SPEED:10.2M , TEMPERATURE(MAX) 195'C,STANDARD EQUIPMENT.	1	SET	6,800.00	6,800.00
20	**AMIDA BRAND: F1-61,** FABRIC INSPECTION MACHINE FOR WOVEN. FABRICS AND FABRIC AUTO EDGE ALIGNMENT/ RELAXING, COMPT.SET WITH STANDARD ACCESSORIES. VOLTAGE:220V, SIZE:72". MADE IN CHINA.	1	SET	8,840.00	8,840.00
21	**AMIDA BRAND: CZD-B11,** CHINA MADE, END CUTTER MACHINE FOR WOVEN COMPT.SET WITH STANDARD ACCESSORIES. CUTTING HIGHT:0-4MM,CUTTING WIDTH: 1-3MM,VOLTAGE:220V,	1	SET	880.00	880.00
22	**SILBER STAR BRAND MODEL:SP-610,**	6	SETS	160.00	960.00
	HEATERLESS ALL STEAM IRON .COMPLETE SET. MADE IN CHINA.				
23	**AMIDA BRAND:VIT-1B,**	6	SETS	675.00	4,050.00
	VACCUM IRON TABLE WITH CHIMNY WORKING SIZE 1300X800 MM COMPLETE SET.MADE IN CHINA.				
23	**AMIDA BRAND:ST-1500,**	1	SET	1,625.00	1,625.00
	THREAD SUCKING MACHINE. VOLTAGE :220V,COMPLETE SET. MADE IN CHINA.				
TOTAL USD. THREE LAC SEVENTEEN THOUSAND ONE HUNDRED THIRTY FIVE ONLY.					317,135.00

Total BDT (@ Tk.85.00 per USD)= Tk.2,69,56,475.00

Local Machinery:

In addition to the imported machinery, the project will also require some local machinery and equipment like -generator, sub-station & other local made machineries etc. The total cost of local machinery and equipment has been estimated at Taka 55.50 lac . Details of local machinery have been shown in .

Local Machinery & Equipments

	Machinery Description	Qty Nos.	Unit	Rate (Tk.)	Amount (Tk. In '000')
1.	Button Hole making Machine	2	Each	200000	400
2..	Button Stitching Machine	2	Each	150000	300
3.	Hot Fusing Press	2	Each	130000	260
4.	Garment Washing Machine 25 Kg capacity	2	Each	250000	500
5.	Hydro extractor 25 Kg capacity	2	Each	150000	300
6.	Tumbler Dryer 25 Kg capacity	2	Each	250000	500
7.	Flat Bed Steam Iron Press with Vacuum Table.	6	Each	100000	600
8.	Zig Zag Embroidery Machine	2	Each	80000	160
9.	One niddle zigzag	2	Each	40000	80
10.	Generator Set 50KVA	1	Each	500000	500
11.	Wash Room Trolleys	10	Each	15000	150
12.	Boiler 100 kg	1	Each	300000	300
13.	Electric Transformer 50 KV	1	Each	200000	200
14.	Deep Tube well	1	Each	800000	800
14.	Fire Equipment	1	Unit	200000	200
15.	Iron Set with Vacom Table	1	Each		200
16.	CC Camera All Factory	1	Unit	LS	100
					5550

Erection and Installation:
The machinery will be installed by foreign erectors to be deputed by the machinery suppliers and they will be assisted by a team of local technicians and skilled workers. Cost of installation is estimated at Taka 9.75 lac.

Technical Services and Quality Control:
The technology involved in manufacturing of RMG & Hosiery is well known to the qualified technical persons who are available in the country. However, the sponsors are educated businessmen and hence no problem is anticipated in this regard. Experienced and skilled technical personnel will be recruited for smooth operation and maintenance of machinery. Besides, the project will have its own quality control equipment to ensure proper quality control necessary for export quality product.

Raw Materials:
Raw material required by the project. Details of raw materials are as under :-

Raw Material at 100% Capacity

Sl. No	Item	Quantity	Rate (Tk.)	Value (Tk. In '000')
01	Cotton Fabric Shirting	264000 Mtrs	100.00	26400
02.	Blended Fabric for Trousers	162000 Mtrs	150.00	24300
03.	Yearn	10000 Kg	300.00	3000
04.	Dyeing cost	10000 Kg	50.00	500
05.	Trims and imbellishments	120000 Nos	25.00	3000
06.	Sewing Thread	240000 Mtrs	10.00	2400
07.	Packing Material	LS		5000
08.	Washing Detergents	LS		100
	Total			**64700**

Utilities:

Power:
Requirement of power will be met from PDB/REB sources. On the other hand for standby use the project will have own generator. In this connection sponsors have to procure a sub-station.

Water:
The project will require some water. Provision has been made for a deep tube-well along with pump & motor. Cost of the tube-well with pump and motor has been considered as local machinery.

Fuel and lubricant:
The project will require Tk.3.00 Lac for fuel and lubricants annually:-

Transportation:
The project will procure one covered van for carrying of raw materials, finished goods and personnel. Cost of which has been considered at Taka 30.00 lac.

Office equipment :
Other assets of the project include office equipments, cost of which has been considered at Taka 2.00 lac.

Furniture and fixture /Other Assets:

Other assets of the project includes Furniture and fixture cost of which has been considered at Taka 12.00 lac

Store and spares:
The project will require stores and spares for the machinery and equipment @ 0.50%, 0.75%, 1.00%, 1.50% and 2.00% of its cost for 1st, 2nd, 3rd, 4th and 5th year of operation respectively.

Repairs and maintenance:
The annual requirement of repairs and maintenance for the machinery has been estimated at 0.5%, 0.75%, 1.00%, 1.50% and 2% of its cost for the 1st, 2nd, 3rd, 4th and 5th year of operation respectively. The repairing and maintenance of building has been estimated at the same rate.

Safety provision:
The project will require its own safety to fight against fire hazards by procuring fire fighting equipment and first aid box.

Pollution and waste disposal:
The project will not suppose to be any pollution or waste problem. Necessary permission will be obtained from respective authority before commercial production of the project.

Personnel:
The requirement of technical and other personnel is based on three shifts operation. It is worth while to mention here that sufficient numbers of qualified and experienced technical and administrative persons are available within the country. The following personnel will be recruited locally:-

Administrative

Name of the Post	Proposed Post	Total Post	Rate per Month	Total Salary per Annum
General Manager	1	1	60000	720
Sales/ Marketing Executive	2	2	15000	360
Procurement Officer	2	2	12000	288
Store keeper	1	1	12000	144
Off. Assist/Computer Operator	1	1	10000	120
Driver	1	1	10000	120
Off Peon	2	2	7000	168
Total	**10**	**10**		**1920**

Assumption :-

Annual Wages Increment	5%
Fringe Benefit	35%
Bonus	2

Item	Year -1	Year -2	Year -3	Year -4	Year -5
Basic	**1920**	**1920**	**2016**	**2117**	**2223**
Increment	0	96	101	106	111
Fringe Benefit	672	706	741	778	817
Bonus	320	336	353	371	389
Total:	**2912**	**3058**	**3211**	**3372**	**3540**

Direct Labour

Name of the Post	Proposed Post	Total Post	Rate per Month	Total Salary per Annum in Tk. '000'
Production Manager	1	1	50000	600
Cutting Master	1	1	40000	480
Fidderman	1	1	15000	180
Production Supervisor	1	1	15000	180
Electrical Supervisor	1	1	15000	180
Quality Controller	1	1	15000	180
Accountant	1	1	15000	180
Store Manager	1	1	15000	180
Delivery man	2	2	10000	240
Loader	2	2	10000	240
Security Operator	2	2	10000	240
Skilled Worker	50	50	8000	4800
Un-skilled Worker	5	5	6000	360
Total	**69**	**69**		**8040**

Assumption :-

Annual Wages Increment	5%
Fringe Benifite	35%
Bonus	2

Item	**Year -1**	**Year -2**	**Year -3**	**Year -4**	**Year -5**
Basic	**8040**	**8040**	**8442**	**8864**	**9307**
Increment	0	402	422	443	465
Fringe Benefit	2814	2955	3102	3257	3420
Bonus	1340	1407	1477	1551	1629
Total:	**12194**	**12804**	**13443**	**14115**	**14821**

IMPLEMENTATION SCHEDULE

The project will be completed and starts its commercial production with a span of 12 months from sanction of Foreign Investment. Details implementation Schedule shown as follows:

Nature of work	M-1	M-2	M-3	M-4	M-5	M-6	M-7	M-8	M-9	M-10	M-11	M-12
Allotment of Land	**x**											
Documentation	x	X										
Approved Lay-out Plan			x									
Complete of civil works			x	x	X							
L/ C Opening					X							
Arrival at site							x					
Erection & Installation								x	X			
Personnel Recruit										X		
Trial Production											X	
Commercial Production												x

Furniture and Fixture :

Name and specification of the furniture	Qty	Value(In Tk.)	Total costs
Swing Table	100	7000	7.00
Chair	40	2500	1.00
Almira	5	20000	1.00
Half secretariat	5	10000	0.50
TV set, DVD	1	30000	0.30
Factory table with furniture & QC table	20	10000	2.00
Misc.	LS		0.20
Total			**12.00**

g) Office equipment :

Computer with UPS	1.00		0.50	0.50
Telephone,	2.00		0.10	0.20
Steel File Cabinet	2.00		0.20	0.40
Air Cooler	1.00		0.60	0.60
Fax machine	1.00		0.30	0.30
Total				2.00

h.Transportation (in detail)

Sl. No.	Particulars	Quantity	Rate (Tk.)	Total Cost (In lakh Tk.)
01.	Covered Van 5 Ton (Ashok Leyland-1214)	1 Nos	30,00	30.00
			Sub Total :	**30.00**

SECTION -3

MARKETING ASPECTS

MARKETING ASPECTS

Introduction : The ready-made garment industry in Bangladesh is not the outgrowth of traditional economic activities but emerged from economic opportunities perceived by the private sector in the late 1970s. Frustrated by quotas imposed by importing nations, such as the United States, entrepreneurs and managers from other Asian countries set up factories in Bangladesh, benefiting from even lower labor costs than in their home countries, which offset the additional costs of importing all materials to Bangladesh. Bangladesh-origin products met quality standards of customers in North America and Western Europe, and prices were satisfactory. Business flourished right from the start; many owners made back their entire capital investment within a year or two and thereafter continued to realize great profits. Some 85 percent of Bangladeshi production was sold to North American customers, and virtually overnight Bangladesh became become the sixth largest supplier to the North American market.

After foreign businesses began building a ready-made garment industry, Bangladeshi capitalists appeared, and a veritable rush of them began to organize companies in Dhaka, Chittagong, and smaller towns, where basic garments--men's and boys' cotton shirts, women's and girls' blouses, shorts, and baby clothes--were cut and assembled, packed, and shipped to customers overseas (mostly in the United States). With virtually no government regulation, the number of firms proliferated; no definitive count was available, but there were probably more than 400 firms by 1985, when the boom was peaking.
After just a few years, the ready-made garment industry employed more than 200,000 people. According to some estimates, about 80 percent were women, never previously in the industrial work force. Many of them were woefully underpaid and worked under harsh conditions. The net benefit to the Bangladeshi economy was only a fraction of export receipts, since virtually all materials used in garment manufacture were imported; practically all the value added in Bangladesh was from labor.

Product

Sl. No	Name of Product	Quantity	Unit	Rate in Tk.	Amount in Tk. '000'
01.	Gents Shirt/ T Shirt	120000	Pcs	250	30000
02.	Ladies Suits (Skirts/ kurta/ salwar)	25000	Pcs	800	20000
03.	Gents Trouser	50000	Pcs	300	15000
04.	Pollo Shirt	100000	PCS	350	35000
05.	Shari & Other Items			LS	12500
	Total				**112500**

The product of companies will be Garments**, sharis, Knitting, Label, Embroidery, Printing, Cotton and Textile** goods the requirement of mainly Local and Bangladeshi exporters for foreign market.

Markets of Garments industries of Bangladesh:

The ready-made garment industry in Bangladesh is not the outgrowth of traditional economic activities but emerged from economic opportunities perceived by the private sector in the late 1970s. Frustrated by quotas imposed by importing nations, such as the United States, entrepreneurs and managers from other Asian countries set up factories in Bangladesh, benefiting from even lower labor costs than in their home countries, which offset the additional costs of importing all materials to Bangladesh. Bangladesh-origin products met quality standards of customers in North America and Western Europe, and prices were satisfactory. Business flourished right from the start; many owners made back their entire capital investment within a year or two and thereafter continued to realize great profits. Some 85 percent of Bangladeshi production was sold to North American customers, and virtually overnight Bangladesh became become the sixth largest supplier to the North American market.

After foreign businesses began building a ready-made garment industry, Bangladeshi capitalists appeared, and a veritable rush of them began to organize companies in Dhaka, Chittagong, and smaller towns, where basic garments--men's and boys' cotton shirts, women's and girls' blouses, shorts, and baby clothes--were cut and assembled, packed, and shipped to customers overseas (mostly in the United States). With virtually no government regulation, the number of firms proliferated; no definitive count was available, but there were probably more than 400 firms by 1985, when the boom was peaking.
After just a few years, the ready-made garment industry employed more than 200,000 people. According to some estimates, about 80 percent were women, never previously in the industrial work force. Many of them were woefully underpaid and worked under harsh conditions. The net benefit to the Bangladeshi economy was only a fraction of export receipts, since virtually all materials used in garment manufacture were imported; practically all the value added in Bangladesh was from labor.

Export performance for the Month of July-May 2009-2010

Overall position Mn. US $

Products	Export performance for 2008-2009	Export target for 2009-2010	Strategic export target for July-May. 2009-2010	Export performance for July-May. 2009-2010	% Change of export performance over export target	Export performance for July-May. 2008-09	% Change of export performance July-May. 2009-2010 Over July-May. 2008-09
Knitwear	6429.26	7297.21	6545.60	5755.36	-12.07	5809.60	-0.93
Woven garments	5918.51	6687.92	5999.06	5391.00	-10.14	5395.89	-0.09
Home textile	313.51	351.13	314.96	263.38	-16.38	290.36	-9.29
Textile fabrics	76.32	87.77	78.73	57.30	-27.22	69.65	-17.73

Main apparel items Exported over the last Five fiscal years value in million US$:

YEAR	SHIRTS	TROUSERS	JACKETS	T-SHIRT	SWEATER
2004-2005	1053.34	1667.72	430.28	1349.71	893.12
2005-2006	1056.69	2165.25	389.52	1781.51	1044.01
2006-2007	943.44	2201.32	1005.06	2208.9	1248.09
2007-2008	915.3	2512.24	118152	2765.56	1474.09
2008- 2009(First quarter)	305.18	774.25	286.66	689.60	741.87

Export Earnings over last five fiscal years value in million US$:

YEAR	WOVEN	KNIT	TOTAL	GROWTH%
2004-2005	3598.20	2819.47	6417.67	12.87
2005-2006	4083.82	3816.98	7900.80	23.11
2006-2007	4657.63	4553.60	9211.23	16.59

2007-2008	5167.28	5532.52	10699.80	16.16
2008-2009(First quarter)	1525.28	1831.08	3356.36	44.66

Problems and Present Situation of Readymade Garments:

Projecting a decline in Bangladesh's GDP growth to 5.5 per cent in the current fiscal from 5.9 per cent of the last fiscal (2009-09. Similarly, domestic support such as financial support to small and medium enterprises should also boost industrial output in the coming year.

Garment sectors in Bangladesh have some problems for which productivity is lower than other countries need. Some of these exiting problems are as follows:

Market Diversification: Bangladeshi RMG products are mainly destined to the US and EU. Back in 1996-97, Bangladesh was the 7th and 5th largest apparel exporter to the USA and European Union respectively. The industry was successful in exploring the opportunities in markets away from EU and US. A recent WTO review points out that Bangladesh has not been able to exploit fully the duty free access to EU that it enjoys.

During the initial phase it was the woven category, which contributed the most. Second phase is the emergence of knitwear products. In the global economy and ever-changing fashion world, product diversification is the key to continuous business success. Starting with a few items, the entrepreneurs of the RMG sector have also been able to diversify the product base ranging from ordinary shirts, T-shirts, trousers, shorts, pajamas, ladies and children's wear to sophisticated high value items like quality suits, branded jeans, jackets, sweaters, embroidered wear etc. But the fact is that its needs more diversification in the RMG products to capture the international market.

During last 10 years, Labor productivity rate in Bangladesh RMG is not satisfactory but the lobar productivity of Mexico; Hong-Kong, Taiwan is high. The Bangladesh RMG, workers take much longer time to complete stitching so the workers productivity is lower. All people working at the spinning mills, weaning mills and fabric processing units are not improved in productivity. Our managerial efficiency in not efficient so our total productivity is not increasing.

Forward linkage includes transportation packaging shipping and other activities. After production we need the support of forward linkage to send the product to the customer. But Bangladesh has no sufficient rail, truck facility. Lack of availability of ship, Bangladesh is not able to send product in due time.

Although the RMG industry is already 30 years old, on attempt has so far been made to build up backward linkages textile industry to feed the RMG industry. The RMG industry is highly dependent on important raw materials because Bangladesh does not have the capacity to produce export quality fabric. Orders are placed by the buyers on a cutting, making and trim

(CMT) basis. Bangladesh import 90 % of woven fabric and 40 % of the knit fabric. Shortage of capital for backward linkage industries is the major weakness. There are two types of countries involved in Backward Linkage. One type consists with backward linkage industries such as China, India, Korea, Hong-Kong etc. Another types which export clothing but depends on imported textile for manufacturing such as Bangladesh. So Bangladesh will face difficulty in lead-time. Lead-time for order placed in Bangladesh need 90+ days from the date of order. The lead-time in Singapore seaport is 6 hours and Sri-Lanka it is 8 to 9 hour but the lead-time for Chittagong port is at least 6 days.The RMG sector has grown at a fast in Bangladesh. But the port facilities have not expanded at that rate. After orders are placed it takes about 20-25 days for transshipment of the import fabric to reach Chittagong port. The lead-time in Singapore seaport is 6 hours and Sri-Lanka it is 8 to 9 hours, but the lead-time for Chittagong port in at least 6 days, we need deep-sea pant, which can reach Chittagong port in 8-12 days. Also alternative port at Mongla port needs to be developed. Private sector participation in port development is not satisfactory. There is a need to have additional road and rail route for power distribution.

The buyer control Quota free world market. They observe whether the organizations are maintaining labor law. In this sector, owner should conscious and they should also know international labor law. Buyers will emphasize on minimum salary, child labor rights, working condition and working environment.

The narrow base of RMG exports is a matter of great concern and about 45 percent of its export will be vulnerable to competition after 2005. Bangladesh has very little access to Japan. China and India markets for RMG export. Duty free access for RMG may be sought for accessing to these countries on a bilateral basis.

The country has not dedicated research institute related to the apparel sector. RMG is highly fashion oriented and constant market research is necessary to become successful in the business. BGMEA has already established an institute which offers bachelor's degree in fashion designing and BKMEA is planning on setting up a research and training institute. These and related initiatives need encouragement possibly intermediated by donor-assisted technology and knowledge transfer. A facilitating public sector role can be very relevant here.

In contrast to the public sector-led import-substituting industrialization strategy pursued during the first few years after independence, the industrialization philosophy of the government changed rather dramatically from the late 1970s when the emphasis was on export-oriented growth to be spearheaded by the private sector. Towards this end, various policy reforms were implemented in the 1980s and 1990s. Some of these reformed policies contributed considerably to the growth of the RMG industry in Bangladesh.

During the 1980s, a number of incentives were introduced to encourage export activities. Some of them were new like the Bonded Warehouse Facility (BWF), while others like the Export Performance License (XPL) Scheme 37 were already in operation and were improved upon. Also, rebates were given on import duties and indirect taxes, there were tax reductions on export income, and export financing was arranged. Not only the export has been limited to a

small number but also the products are not diversified. Bangladesh exports few RMG products such as Shirts, Jackets, Trousers and Sweaters. As mentioned earlier as these are products for the low end of the market. Bangladesh can expand its production for the low end of the market where it has a competitive advantage as well as move upward to high priced fashion clothing.

A committee on trade and environment has been set up as a part of the world trade organization. WT.O requires the developing counties to improve environmental standards for accessing to the rich country markets.

People in the rich industrial world are interested in making working environmental standards. Third world factories are trying to improve it. It is difficult to find a solution acceptable to all. The developed country concept about environment is different from the poor countries. Bangladesh is not only economically and technically poor but also in socially, culturally.

Industrialized importing countries consumers make their decisions not only on the price and quality basis but also on the basis of environmental attributes. They consider the effect before, during and after production. In many cases, fabrics contain chemical compounds that are harmful to users. This certification is known as eco-labeling. Eco-labeling is designed to help environment friendly products. Manufacturers design the products, packages and process to make them environmentally acceptable.

The past 9/11 events and security measures taken by major importing countries at deferent airports, particularly USA, have created special security. Muslim majority countries like Bangladesh both at the port of exit and entry. Such inspection has nothing to do with the traditional inspection of quality, quantity, specification or packaging. Those security measures in the form of special inspection will be for the purpose of preventing terrorism.

Readymade Garments Industry holds a key position in the economy of Bangladesh in terms of foreign exchange earnings, employment generation and poverty alleviation. Right now RMG Sector is the highest foreign currency earner in Bangladesh.

RMG Industry has become the largest source of employment generation. Now 15-18 lacks people are involved, of whom 90% are women in the RMG Industry of Bangladesh. Failure of the RMG Industry will significantly reduce the export earning which will affect the domestic economic activities

On January 1, 2005 quota facilities was ended. For this Bangladesh has faced challenges at home and abroad. So the garment industries should undertake some strategies to face the difficulties. If RMG can take proper strategy to face the difficulty of post M.F.A then this sector remain bright.

Bangladesh has great opportunity in international markets if we can drop the price. To increase its market share in both USA and EU markets as well as into new markets Bangladesh should apply cost reduction method. Bangladesh faces competitive pressure created by Mexico and CBI countries. They are selling RMG products in USA market during the past several years. China has been reducing its prices. Chinese drop of prices is much cheaper. Chinese price is cheaper than other suppliers. So the Bangladeshi exporter's prices have gone down. Since Bangladesh cannot control the prices in the USA market. The cost reduction strategies refer to the cost-cutting measures that reduce the cost of producing RMG. The cut, make and trim operations depending on whether the fabric is imported or not. Cost reduction strategies should be applied in cut, make and trim operations.

Back ward linkage development is necessary for the RMG industry to survive in the post MFA era. If backward linkage is developed then it will ensure timely supply of raw materials which will reduce cost. To complete an order, shorten lead time is necessary. "Rules of origin" it will make easier for Bangladesh. Garments exporters buy fabrics against back-to-back LC.

Bangladesh pay high interest for 120 day back to back LC, Interest, charge, back commissions and service fees are also paid by Bangladeshi exporters. All the charge increases the RMG product of Bangladesh. If Bangladesh can supply local fabrics the total cost of domestic product will be decrease. If Bangladesh can efficiently do vertical integration then it will increase capabilities and get some benefits. It should be able to reduce lead-time.

Productivity in RMG sector has improved during the last 10 years. But the productivity of Mexico, Hong Kong, Taiwan, and Malaysia is higher than Bangladesh. The Bangladeshi RMG workers take much time to complete stitching a shirt than the workers in those countries. So Bangladesh needs to improve labor productivity. To improve labor productivity Bangladesh should train the workers. This is necessary step for Bangladesh. There are some large factories which have regular on the job training programs. But this program is not at the national level. Government should do well-equipped training institutes. The supervisors and factory managers should also go appropriate training. They can also increase productivity. The workers productivity cannot be highest if the working condition is not good. If the workers are motivated then work efficiency will be increased. If the worker suffers from insecurity, threat of jobs, do not get wages regularly then they will be dissatisfied. Dissatisfied workers cannot give highest productivity.

If RMG wants to increase productivity it must improve the backward linkage. All the people who working at the spinning mills, weaving mills and fabric processing must have proper training to minimize the costs of production. It is also necessary to arrange training for managers, which will increase total productivity.

Bangladesh depends on mainly two countries named the USA and EU. 96% apparels are shipped to these two markets. This made Bangladesh vulnerable. The vulnerability can be reduced by diversify markets. Market diversification is more important than product diversification. Without market diversification backward diversification will fall in danger. The final product must be exported at competitive prices. Bangladesh must develop forward linkages for competitive prices. The development of forward linkages demand will increase. The present foreign buyers dominate the marketing activities. Marketing intermediaries take more profits as their commission. Bangladeshi entrepreneurs earn small margin. To increase their profit they need to build up marketing capabilities. Innovative methods are needed for market diversification. E-marketing is one of this. Bangladesh can negotiate the designs, shipment schedules. Prices etc. with the retailers in the USA or EU or other countries. This will dominate companies. They can also have warehouses to ensure quick supply of the finished goods. Market research including research on fashion design facilitates diversification of products and markets. Marketing research identify changes in the customers taste and preferences. Quick response increase market share.

Trade Diversion from the USA to the EU:

Bangladesh has traditional markets. Price and delivery system made more competitive .If Bangladesh adds high priced items where competition is not very strong. The RMG industry of Bangladesh is uncertain .To reduces the degree of uncertainty, the best way to explore new markets. Between USA and EU, The EU is the large market. Bangladesh should expand its markets wider and deeper in the EU. It is difficult for Bangladesh to compete with other countries. Product differentiation can solve the problem. Recent statistics indicate that the exports from Bangladesh to EU have been increasing. The Eastern European countries may create competitive pressure for Bangladesh. Because of their geographical proximity and lower cost of production. Both Bangladesh and most of the Eastern countries enjoy duty free status in the EU market it is the price difference, quality of product and quality of delivery services that will matter. Bangladesh has one advantage (low wage) and one disadvantage (low productivity and geographical distance). If Bangladesh can increase its productivity then two disadvantages can cover by this.

Ensuring Good Governance:

To succeed in its efforts to retain a leading position in the world apparel market, Bangladesh must diversify market and products, develop backward linkage industries in a balanced way. It must improve its productivity with a view to reduce its prices and improve its delivery services. Price adjustment must be done in response from competitive pressure. Before NAFTA was implemented the prices of Mexican apparels of the same categories were much higher, about 12% than the prices of apparels exported from Bangladesh. So the Bangladeshi exporters were comfortable in the US market. But after NAFTA was implemented, Mexican apparels enter the US market duty-free. Before the preferential status was granted, Bangladesh had a minimum of 10% advantage over the prices of the CBI countries. The situation has now reversed. Bangladesh prices are higher by almost 8%. It is therefore absolutely essential to find the

effective cost cutting measures. If cost of production and marketing can be reduced by some 10%, then only Bangladesh can survive in future. Many experts believe that such reduction is possible by improving management of Chittagong port, by supplying gas at a reduced price to the RMG factory owners to generate power, by providing funds for training of the workers and supervisors to increase productivity, providing equity fund at reasonable rates to develop backward linkage industry and improving computerized communication technology. Beside, the buyer must believe that the cost of doing business in Bangladesh is as low as it is in other countries. To reduce cost of doing business, Bangladesh must improve the law and order situation and reduce the level of corruption.

One way to addressing the problem of good governance is to ensure effective application of e-governance. It is a system under which the government and the people, the exporter-importers, interact with the help of computers and ICT with each other with a view to achieving certain output and minimizing the turn around time of the cargo vessels at Chittagong port. E-governance can ensure accountability, transparency and work as a deterrent to corrupt practices.

None of the above measure scan is made effective in the absence of good governance. Necessary political, legal, administrative, financial and other reforms must be implemented to make the government machinery real functional. In addition, the government needs to encourage the process of business advocacy and develop the official negotiating skills. Good governance is also linked with prudent economic/business diplomacy.

Making available Financial Support:

Though Finance is available from local bank but the foreign bank does not contribute to the RMG sector or in other way the local investors does not try to avail loan from foreign bank that refers to shortage of capital that also mean that the owners can not establish proper and modern technology to take the opportunity of competitive advantage.

The main task of garments factory is to collect order from foreign buyer for maintain the business of garments. Factories can collect order by the direct communication with the foreign buyer or by the buying house or agent. Some garments factory owners himself perform this task. In others marketing executives perform the same task. Marketing executives express their eagerness to get order by direct communication with the buyer & buying house or by phone/fax/e-mail etc. Most of the times the buyer or buying house also express eagerness to give order in the garments factory. At first garments factory get inquiry of the order. After that

garments factory doing costing on that inquiry and submit the price quote to the buyers or buying house. At last garments order confirmed by the price bargaining with the buyers on the basis of that price quotation.

Buying house: Buying house is the middleman between the buyer and RMG factory. It is quite difficult to arrange buyer for RMG factory because most of the buyer come from foreign. And RMG factories website is not that much effective that's why a class of broker grow in this gap between buyer and the manufacturer. As they always maintain correspondence with the buyer they have better understanding of buyers requirement. They act as a helping hand for us.

At first buyer request sample from the garments factory with all the necessary information regarding to their product and then we match our capability with the buyer's requirement. If capability matched then we submitted a fare costing of that product to the buyer.

Market Scenario of the project :

The RMG industries provide the single source of economic growth in Bangladesh's rapidly developing economy. Exports of textiles and garments are the principal source of foreign exchange earnings. Agriculture for domestic consumption is Bangladesh's largest employment sector. By 2002 exports of textiles, clothing, and ready-ade garments (RMG) accounted for 77% of Bangladesh's total merchandise exports.[By 2013, about 4 million people, mostly women, worked in Bangladesh's $19 billion-a-year industry, export-oriented ready-made garment (RMG) industry. Bangladesh is second only to China, the world's second-largest apparel exporter of western brands. Sixty percent of the export contracts of western brands are with European buyers and about forty percent with American buyers. Only 5% of textile factories are owned by foreign investors, with most of the production being controlled by local investors.[4]

Bangladesh's textile industry has been part of the trade versus aid debate. The encouragement of the garment industry of Bangladesh as an open trade regime is argued to be a much more effective form of assistance than foreign aid. Tools such as quotas through the WTO Agreement on Textiles and Clothing (ATC) and Everything but Arms (EBA) and the US 2009 Tariff Relief Assistance in the global clothing market have benefited entrepreneurs in Bangladesh's ready-made garments (RMG) industry. Bangladesh with a population of about 156 million, has the highest population density in the world. In 2012 the textile industry accounted for 45% of all industrial employment in the country yet only contributed 5% of the Bangladesh's total national income

From 1947 to 1971 the textile industry, like most industries in East Pakistan, were largely owned by West Pakistanis. During that period, in the 1960s, local Bengali entrepreneurs had set up

their own large textile and jute factories. Following its separation from East Pakistan the newly formed Bangladesh lost access to both capital and technical expertise.[1]

Until the liberation of Bangladesh in 1971, the textile sector was primarily part of the process of import substitution industrialization (ISI) to replace imports. After the liberation, Bangladesh adopted export-oriented industrialization (EOI) by focusing on the textile and clothing industry, particularly the readymade garment (RMG) sector. Immediately after the founding of Bangladesh (1971), tea and jute were the most export-oriented sectors. But with the constant threat of flooding, declining jute fiber prices and a significant decrease in world demand, the contribution of the jute sector to the country's economy deteriorated.[9]

In 1972 the newly formed government of Sheikh Mujibur Rahman who was also the head of the Awami League, enacted the Bangladesh Industrial Enterprises (Nationalization) Order, taking over privately owned textile factories and creating a state-owned enterprise (SOE) called Bangladesh Textile Mills Corporation (BTMC). President Rahman promoted democracy and a socialist form of capitalism. The BTMC never managed to match the pre-1971 output and in every year after the 1975–1976 fiscal year, lost money. Until the early 1980s the state owned almost all spinning mills in Bangladesh and 85 percent the textile industry's assets (not including small businesses). Under the 1982 New Industrial Policy (NPI) a large number of these assets including jute mills and textile mills were privatized and returned to their original owners.

In the devastating famine in 1974, one million people died, mainly of starvation caused in part by the flooding of the Brahmaputra river in 1974, and a steep rise in the price of rice. Partly in response to the economic and political repercussions of the famine, the Bangladesh government shifted public policy away from its concentration on a socialist economy, and began to denationalize, disinvest and reduce the role of the public sector in the textile industry while encouraging private sector participation. The 1974 New Investment Policy restored the rights to both private and foreign investors. Bangladesh's development model switched from a state-sponsored capitalist mode of industrial development with mainly state-owned enterprises (SOE) to private sector-led industrial growth.

Market Demand & Target

Starting in 1974 the Multi-Fibre Arrangement (MFA) in the North American market ensured that trade in textiles and garments remained the most regulated in the world Among other things the MFA set quotas on garments exports from the newly industrialising countries of Asia. Entrepreneurs from quota-restricted countries like South Korea began "quota hopping" seeking quota-free countries that could become quota-free manufacturing sites. The export-oriented readymade garment (RMG) industry emerged at this time. Daewoo of South Korea was an early entrant in Bangladesh, when it established a joint venture in December 27, 1977 with Desh Garments Ltd. making it the first export oriented ready-made garment industry in Bangladesh. After only one year in which 130 Desh supervisors and managers received free training from Daiwoo in production and marketing at Daiwoo's state-of-the-art ready-made garment (RMG) plant in Korea, 115 of the 130 left Desh Garments Ltd. and set up separate private garment export firms or began working for other newly formed export-oriented RMG companies with new garment factories in Bangladesh for much higher salaries than Desh Garments Ltd offered.

Global restructuring processes, including two non-market factors, such as quotas under Multi Fibre Arrangement (MFA) (1974–2005) in the North American market and preferential market

access to European markets, led to the "emergence of an export-oriented garment industry in Bangladesh in the late 1970s" and ensured the garment sector's continual success.

The garment industry in Bangladesh became the main export sector and a major source of foreign exchange starting in 1980, and exported about $5 billion USD in 2002.[16] In 1980 an export processing zone was officially established in at the port of Chittagong.

By 1981, 300 textile companies, many small ones had been denationalized often returned to their original owners. In 1982, shortly after coming to power following a bloodless coup, President Hussain Muhammad Ershad introduced the New Industrial Policy (NPI), most significant move in the privatization process,[10] which denationalized much of the textile industry, created export processing zones (EPZs) and encouraged direct foreign investment. Under the New Industrial Policy (NPI) 33 jute mills and 27 textile mills were returned to their original owners.

The export of ready-made garments (RMG) increased from $USD 3.5 million in 1981 to $USD 10.7 billion in 2007. Apparel exports grew, but initially, the ready-made garments RMG industry was not adequately supported by the growth up and down the domestic supply chain (e.g., spinning, weaving, knitting, fabric processing, and the accessories industries)

From 1995 to 2005 the WTO Agreement on Textiles and Clothing (ATC) was in effect, wherein more industrialized countries consented to export fewer textiles while less industrialized countries enjoyed increased quotas for exporting their textiles. Throughout the 10-year agreement, Bangladesh's economy benefited from quota-free access to European markets and desirable quotas for the American and Canadian markets.[4]

export market	**USA (textile)**	**USA (clothing)**	**EU (textile)**	**EU (clothing)**
market share in 1995	<3%	4%	<3%	3%
market share in 2004	3%	2%	3%	4%

As the above table shows, the market shares for Bangladeshi textiles in the USA and both textiles and clothing in the European Union have changed during the time period of the ATC.

Until FY 1994, Bangladesh's ready-made garments (RMG) industry was mostly dependent on imported fabrics - the Primary Textile Sector (PTS) was not producing the necessary fabrics and yarn.]

Since the early 1990s, the knit section expanded mainly producing and exporting shirts, T-shirts, trousers, sweaters and jackets. In 2006, 90 percent of Bangladesh's total earnings from garment exports came from its exports to the United States and Europe.

Although there was concern, noted in an IMF report, that the WTO's Multi Fibre Arrangement, the Agreement on Textiles and Clothing (ATC), phase-out would shut down the textile and clothing (T&C) industry, the Bangladesh textile sector actually grew tremendously after 2004 and reached an export turnover of US$10.7 billion in FY 2007. Bangladesh was expected to suffer the most from the ending of the MFA, as it was expected to face more competition, particularly from China. However, this was not the case. It turns out that even in the face of other economic giants, Bangladesh's labor is "cheaper than anywhere else in the world." While

some smaller factories were documented making pay cuts and layoffs, most downsizing was essentially speculative – the orders for goods kept coming even after the MFA expired. In fact, Bangladesh's exports increased in value by about $500 million in 2006.

By 2005 the ready-made garments (RMG) industry was the only multi-billion-dollar manufacturing and export industry in Bangladesh, accounting for 75 per cent of the country's earnings in that year.

Bangladesh's export trade is dominated by the ready-made garments (RMG) industry.] Bangladesh's garment exports – mainly to the US and Europe – make up nearly 80% of the country's export income. Exports of textiles, clothing, and ready-made garments (RMG) accounted for 77% of Bangladesh's total merchandise exports in 2002.

Textile exports from Bangladesh to the United States did increase by 10% in 2009. Currently, the textile mills provide 70% of national exports. This proportion is even higher in Bangladesh. In Bangladesh, the number of employed workers in the textile industry increased by 400 000 in 1990 to 2 million in 2004, and the number of enterprises – from 800 to 4000. Nine out of ten people employed in the industry – are women. In general, the state of the textile industry depends on well-being of 10-12 million people in Bangladesh. By IMF estimates, as a result of the abolition of quota exports of Bangladesh will be reduced by 25%.] Currently Bangladesh is now second largest ready-made garments (RMG) manufacturer after China, by the next five years Bangladesh will become the largest ready-made garments (RMG) manufacturer. Bangladesh was the sixth largest exporter of apparel in the world after China, the EU, Hong Kong, Turkey and India in 2006.] In 2006 Bangladesh's share in the world apparel exports was 2.8%. The US was the largest single market with US$3.23 billion in exports, a 30% share in 2007. Today, the US remains the largest market for Bangladesh's woven garments taking US$2.42 billion, a 47% share of Bangladesh's total woven exports. The European Union remains the largest regional destination - Bangladesh exported US$5.36 billion in apparel; 50% of their total apparel exports. The EU took a 61% share of Bangladeshi knitwear with US$3.36 billion exports.

According to a 2011 report by international consulting firm McKinsey & Company, 80 percent of American and European clothing companies planned to move their outsourcing from China, where wages had risen, and were considering Bangladesh as the "next hot spot" making it the "next China offering 'the lowest price possible' known as the China Price, the hallmark of China's incredibly cheap, ubiquitous manufacturers, much "dreaded by competitors.

Employment

Of the millions of wage earning children in Bangladesh in 1990, almost all of them worked in the ready-made garment (RMG) industry. Based on the Bangladesh Bureau of Statistics Labor Force Survey estimated there were about 5.7 million 10 to 14 years-old children engaged in child labor. This number may have been as high as 15 million children In 1993 employers in Bangladesh' ready-made garment (RMG) industry dismissed 50,000 children (c. 75 percent of child workers in the textile industry) out of fear of economic reprisals of the imminent passage of the Child Labor Deterrence Act (the Harkin Bill after Senator Tom Harkin, one of the US Senators who proposed the bill). The act which banned "importation to the United States of products which are manufactured or mined in whole or in part by children" would have resulted in the loss of lucrative American contracts. Its impact on Bangladesh's economy would have

been significant as the export-oriented ready-made garment industry represents most of the country's exports.

The results of surveys varied on the demographics and size of the ready-made garments industry at the time of the Harkin Bill. One study estimated that there were 600,000 workers in the industry. BGMEA estimate was c. 800,000. The Asian-American Free Labor Institute (AAFLI) reported that in 1994 females constituted about "90 percent of all adult workers, and roughly 60 percent of all child workers.

By 2001 the textile industry employed about 3 million workers of whom 90% are women. By 2013, there were approximately 5,000 garment factories, employing about 4 million people, mostly women, part of Bangladesh's $19 billion-a-year industry, export-oriented ready-made garment (RMG) industry. Bangladesh is second only to China, the world's second-largest apparel exporter of western brands. Sixty percent of the export contracts of western brands are with European buyers and about forty percent with the American buyers. It has been a major source of employment for rural migrant women in a country that has increasingly limited rural livelihood options, and where women migrants have been largely excluded from formal work in the cities.

The structure of gender participation underwent a major shift with the rise of the ready-made garment industry in Bangladesh. Traditionally the participation of women in Bangladesh's formal economy was minimal. Bangladesh's flagship export-oriented ready-made garment industry, however, with female labor accounting for 90 percent of the work force, was "built to a large extent, on the supply of cheap and flexible female labor in the country.

According to a New York Times journalist by August 2012 the garment or textile industry which exports worth $18 billion a year, accounted for "80 percent of manufacturing exports and more than three million jobs" with predictions by McKinsey & Company of the industry tripling in size by 2020 (McKinsey 2001:10

Competition and Competitors:
The Hosiery & Textile Mills Project are very essential industrial development of our country. It is the main source of Foreign currency . Bangladesh is the world's second-largest apparel exporter of western brands . So there is no competition in this sector at present and also there is no chance of competition in near future.

Pricing
The prices of the project sometimes changeable, depending on international market situation. In International market prices of Garments products vary from time to time. There is also high variation in price at different periods of the year depending on the supply position in the market price of products of the organized company also differs to some Extent from those available in the market. The prices of the Project will be fixed in such a way that it should be lower than those of the other in the foreign market. The price must be competitive for international market.

SECTION -3

FINANCIAL ASPECTS

FINANCIAL AND ECONOMICS EVALUATION

The financial and economic evaluation of the proposed project of Garments products has been carried out to determine its economic viability. The financial analysis has been made on the basis of production capacity and marketing targets set and discussed in previous chapters.

The total estimated cost of the project is Tk 757.86 Lac, which includes cost of land, land development. The project is proposed to participation on Bank loan from Commercial Bank. The operation results of the Project on the basis of estimated income statement indicate that the proposed project is economically viable. Its breakeven point is 57.92 and the IRR comes to 21.48% which is satisfactory.

The estimated cost of the project, financial plan and various projected financial statements have been prepared which are enclosed as annexure to this report. These are, however, summarized. Analyzed and discussed in the subsequent sub-sections.

TOTAL PROJECT COST

The total cost of the project is estimated to be Tk. 757.86 Lac, which includes Tk 167.16 Lac as net working, capital.

WORKING CAPITAL

The details of working capital requirement of the project are given as enclosures. Total required working capital in the 1st year is Tk 167.16 Lac.

PROJECT FINANCING

Head	Foreign Currency	Local Currency	Total (Taka in 000)
Bank loan 41.18%	-	31205	31205
Company Equity 58.82%	-	44581	44581
Total 100%	**-**	**75786**	**75786**

In order to meet the above cost, following financial plan has been proposed. The means of financing will include the share capital and fund to be acquired from Banks/Financial Institutions.

PROJECTED SALES REVENUE

The Sales revenue has been estimated as under on the basis of proposed capacity utilization.

SALES ESTIMATE

Sl. No	Name of Product	Quantity	Unit	Rate in Tk.	Amount in Tk. '000'
01.	Gents Shirt/ T Shirt	120000	Pcs	250	30000
02.	Ladies Suits (Skirts/ kurta/ salwar)	25000	Pcs	800	20000
03.	Gents Trouser	50000	Pcs	300	15000
04.	Pollo Shirt	100000	PCS	350	35000
05.	Shari & Other Items			LS	12500
	Total				**112500**

The basis of calculating cost of goods manufactured has been explained in the Annexure. However, these are briefly reproduced below:

COST OF GOODS MANUFACTURED

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	**70%**	**75%**	**80%**	**85%**	**90%**
Raw Materials at Rated Capacity	**64700**	**64700**	**64700**	**64700**	**64700**
Raw Materials at Utilized Capacity	45290	48525	51760	54995	58230
Labour	12194	12804	13443	14115	14821
Overhead	1487	1730	1978	2423	2877
Depreciation	4516	4516	4516	4516	4516
Total	**63487**	**67575**	**71697**	**76049**	**80444**
Add: Opening WIP	0	423	450	478	507
Total WIP	**63487**	**67998**	**72147**	**76527**	**80951**
Less: Closing WIP	423	450	478	507	536
Total Work Cost	**63064**	**67548**	**71669**	**76020**	**80415**
Add: Opening FG	0	1471	1610	1710	1814
Goods Available for sales	**63064**	**69019**	**73279**	**77730**	**82229**
Less: Closing FG	1471	1610	1710	1814	1918
Cost of the Goods Sold	**61593**	**67409**	**71569**	**75916**	**80311**

INCOME STATEMENT

The projected Income Statement for five years in enclosed as annexure. It can be seen that the Project starts making profit from the first Year. The net profit after tax increases to Tk. 57.65 Lac from Tk. 103.84 Lac by the fifty year. The summarized operation results are produced below:

SUMMARIZED OPERATION RESULTS

ESTIMATED INCOME STATEMENT

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	70%	75%	80%	85%	90%
Sales	76400	84153	89826	95454	101077
Cost of Goods sold	61593	67409	71569	75916	80311
Gross Profit	**14807**	**16744**	**18257**	**19538**	**20766**
Operating Expense	5141	5512	5863	6234	6641
Operating Profit	**9666**	**11232**	**12394**	**13304**	**14125**
Financial Expenses					
Intt. On Fixed cost	1820	1559	1274	962	621
Intt. On Working Capital	903	968	1031	1095	1159
Preliminary and Pre-operation Expenses Write-off	200	200	200	200	200
Financial and Other Expenses	**2923**	**2727**	**2505**	**2257**	**1980**
Profit before Other Income	**6743**	**8505**	**9889**	**11047**	**12145**
Income From Short Term Investment	0	0	0	0	0
Income Before WPP	**6743**	**8505**	**9889**	**11047**	**12145**
Workers Participation Fund	337	425	494	552	607
Profit after Workers Profit Participation Fund	**6406**	**8080**	**9395**	**10495**	**11538**
Income Tax	641	808	940	1050	1154
Profit after Income Tax/Reserve	**5765**	**7272**	**8455**	**9445**	**10384**
Dividend	2229	3566	4458	5350	6687
Retained Earnings	**3536**	**3706**	**3997**	**4095**	**3697**
Last Year Balance	0	3536	7242	11239	15334
Cumulative Retained Earnings	**3536**	**7242**	**11239**	**15334**	**19031**

OPERATING RATIOS

The operating ratio of the project for five years have been calculated on the basis of estimated Income Statement.

OPERATING RATIOS

(In percentage)

Ratios (%):-					
Gross Profit to Sales	19.38%	19.90%	20.32%	20.47%	20.54%

Operating Profit to Sales	12.65%	13.35%	13.80%	13.94%	13.97%
Income after tax to Sales	7.55%	8.64%	9.41%	9.89%	10.27%
Net Profit to Paid-up Capital:					
Before Income Tax/Tax Holiday Reserve	14.36%	18.12%	21.07%	23.54%	25.88%
After Income Tax/Tax Holiday Reserve	12.93%	16.31%	18.97%	21.19%	23.29%
Dividend	5.00%	8.00%	10.00%	12.00%	15.00%
Dividend pay out	38.66%	49.03%	52.73%	56.64%	64.40%

The financial position of the proposed project can be evaluated by looking into its projected Balance Sheet. The estimated balance sheet for five years in given as annexure . The estimated Balance sheet indicates a satisfactory liquidity position of the project.

ESTIMATED CASH FLOW STATEMENT

The estimated cash Flow statement of the proposed project is enclosed as annexure. It is expected that the project's cash flow position will remain satisfactory during the projected period.

DEBT SERVICING

The Project is proposed to be financed in combination with the sponsor's equity and project loan. Debt service coverage ratio is 3.04 which is standard. Shown in Annexure-

BREAK-EVEN ANALYSIS

The commercial break-even is estimated to occur at 57.92% utilization capacity on the basis of 5th year of operation. The break-even analysis has been enclosed as annexure.

INTERNAL RATE OF RETURN.

The IRR is estimated to be 21.48% based on the assumption of 5 years cash flows of the project which is quite satisfactory.

SECTION - 5

Social Aspect

SOCIO-ECONOMIC ASPECT

1.EMPLOYMENT GENERATION

On completion of the proposed project employment opportunity for 79 persons. Beside, from the very beginning of the work, there will be a number of temporary employment up to the implementation of the farm.

02. LINKAGE EFFECT.

The viability of the RMG Project will encourage other new entrepreneurs to go ahead for such or Similar projects which will definitely strengthen the base of our Industrial sector and at the same time will help to increase our domestic National income simultaneously will help to earn our hard earning foreign currency.

3. Contribution to GDP :

(Amount in "000")

Particulars	Year : 1	Year : 2	Year : 3	Year : 4	Year : 5
Net Revenue	76400	84153	89826	95454	101077
Inter-firm Transactions :					
Raw and Packing Materials	45290	48525	51760	54995	58230
Stores & Spares	185	278	370	556	741
Repair & Maintenance (Buildings)	50	76	101	151	202
Repair & Maintenance (Machineries)	151	227	302	453	604
Insurance	571	571	571	571	571
Water, Power. Fuel & Lubricant	420	450	480	510	540
Other Manufacturing Overhead	100	125	156	195	244
Office Supplies	0	0	0	0	0
Postage, Telephone, Telex, Fax, etc.	50	60	72	86	104
Travelling	50	60	72	72	104
Auditor's Fee	50	60	72	86	104
Selling & Sales Promotion Exp.	1528	1683	1797	1909	2022
Miscellaneous Exp.	50	60	72	86	104
Total of B:	**48495**	**52175**	**55825**	**59670**	**63570**
Contribution to GDP :	**27905**	**31978**	**34001**	**35784**	**37507**

SECTION - 6

Annexures

Annexures

Annexure-1

COST OF PROJECT AND MEANS OF FINANCE

(Tk. in '000)

Sl. No.	Particulars	Taka in '000' Incurred	To be incurred	Total cost
1.	Land & Land Development	5000		5000
2.	Building & Civil works		10096	10096
3.	Machinery & Equipments (Imported)		26956	26956
4.	Machinery & Equipments (Local)		5550	5550
5	Duty, Tax and insurance		2022	2022
6.	Vehicles & Transport		3000	3000
7.	Erection & Installation		975	975
8.	Furniture & Fixture		1200	1200
9.	Office equipment		200	200
10.	Security Deposite		500	500
11.	Pre-operating expenses		1000	1000
12.	Contingencies		741	741
13.	ICDP		1755	1755
14.	Misc		75	75
	Total Fixed Cost	**5000**	**54070**	**59070**
	Initial working capital		**16716**	**16716**
	Total	**5000**	**70786**	**75786**

Financing Plan:

(Tk. in '000')

Item	Equity	Bank Loan	Total
Total Machinery Cost	**13002**	**19504**	**32506**
Other Fixed Cost	**26564**	**0**	**26564**
Working capital	**5015**	**11701**	**16716**
Total project cost	**44581**	**31205**	**75786**

MEANS OF FINANCE :

Head	Foreign Currency	Local Currency	Total (Taka in 000)
Bank loan on 41.18%	-	31205	31205
Company Equity 58.82%	-	44581	44581
Total 100%	**-**	**75786**	**75786**

Cost Financing Pattern

Item	Debt	Equity	Total
Land & Land Development	0	5000	5000
Building & Civil works	0	10096	10096
Machinery & Equipments (Imported)	16174	10782	26956
Machinery & Equipments (Local)	3330	2220	5550
Duty, Tax and insurance	0	2022	2022
Vehicles & Transport	0	3000	3000
Erection & Installation	0	975	975
Furniture & Fixture	0	1200	1200
Office equipment	0	200	200
Security Deposite	0	500	500
Pre-operating expenses	0	1000	1000
Contingencies	0	741	741
ICDP	0	1755	1755
Misc	0	75	75
Total Fixed Cost	19504	**39566**	59070
Debt to Equity Ratio	33%	67%	100%
Net Working Capital	11701	**5015**	**16716**
Debt to Equity Ratio	70%	30%	100%
Total Estimated Cost	31205	44581	75786
Overall Debt to Equity Ratio	41.18%	58.82%	100%

Annexure-1a

LAND AND LAND DEVELOPMENT

(Tk. In '000)

Sl. No.	Item with Description	Area	Unit	Rate	Cost To be Incurred
01.	Land	21.00	Decimal	200000.00	4200
02.	Land Development and others	1	Ls	800000.00	800
	Total				**5000**

Annexure-1(b)

ESTIMATED WORKING CAPITAL

(Tk. in '000)

	Tied up Period		Year -1	Year -2	Year -3	Year -4	Year -5
			70%	75%	80%	85%	90%
Raw & Packaging Materials	90	Days	13587	14557	15528	16498	17469
WIP	2	Days	423	450	478	507	536
Finished Goods	7	Days	1471	1610	1710	1814	1918
Stores & Spares	30	Days	16	24	33	49	65
Salary, Wage & other Expenses	30	Days	1219	1280	1344	1412	1482
Total Current assets			**16716**	**17921**	**19093**	**20280**	**21470**
Total Current Liabilities			0	0	0	0	0
Net Working Capital			**16716**	**17921**	**19093**	**20280**	**43560**

Annexure-1(c)

Preliminary and Pre-operation Expenses

	%	Tk. In "000"
Legal & Other Expenses		100
Registration Fee		100
Project Evaluation Fee		200
Project Development and Consultancy Fee		300
Trial Production and Strat-up Expense		200
Publication, Advertisement		100
Total		**1000**

Contingency

Building & Civil works & Machinery Equipments (Imported)	2.00%	741
Total		**741**

Erection & Installation Cost

	Rate	Machineries Cost	Amount
Mechanical & Electrical Machineries Installation	3.00%	32506	**975**

Annexure-1d

Imported Machineries

S/No	DESCRIPTION	QNTY		PRICE (IN US$)	PRICE (IN US$)
1	**JUKI BRAND MODEL: DDL900BH7WBK,** CHINA ASSEMBLED, HEAVY DUTY, **DIRECT DRIVE**, 1-NEEDLE, LOCKSTITCH SEWING MACHINE & STANDARD ACCESSORIES WITH AN AUTOMATIC THREAD TRIMMER COMPT.SET WITH 220V AC **BUILT IN TYPE SERVO MOTOR, CONTROL BOX AND OPERATION PANEL WITH MORE PROGRAM & FUNCTION & LED LIGHT** WITH MALAYSIA MADE TABLE & STAND.	105	SETS	806.00	84,630.00
3	**JUKI BRAND MODEL: LH3528AGF,** CHINA SSEMBLED,HEAVY DUTY, 2-NEEDLE, NEEDLE FEED, SEMI-DRY-HEAD, LOCKSTITCH MACHINE & STANDARD ACCESSORIES, COMPT.SET WITH 220V AC MALAYSIA MADE TABLE & STAND.	9	SETS	1,625.00	14,625.00
4	**JUKI BRAND MODEL: LK1900BHS/MC670KSS,** JAPAN MADE, HEAVY DUTY, HIGH SPEED, COMPUTER CONTROLLED BARTACKING MACHINE WITH COMPACT TYPE AC SERVO MOTOR COMPT. SET WITH 220V AC 450W CHINA MADE CONTROL BOX, MALAYSIA MADE TABLE & STAND.	6	SETS	3,510.00	21,060.00
5	**JUKI BRAND MODEL: MEB3200JSKA,** JAPAN MADE, HIGH SPEED, **DIRECT DRIVE**, COMPUTER CONTROLLED EYELET BUTTON HOLE SEWING MACHINE WITH AN INTEGRATED NEEDLE, LOOPER & GIM THREAD TRIMMER WITH STANDARD ACCESSORIES 220V AC 550VA JAPAN MADE AC SERVO MOTOR , TABLE & STAND. **(DRY AIR COMPRESSOR REQUIRED)**.	1	SET	13,780.00	13,780.00
6	**KANSAI SPECIAL BRAND MODEL:DLR-1503 PTF, JAPAN MADE**, HIGH -SPEED, **FLAT BED** 3-NEEDLE, DOUBLE CHAIN STITCH ACHINE FOR ATTACHINE CURVED WAIST BAND STANDARD ACCESSORIES, COMPT.SET WITH 220V AC 250W, CHINA MADE CLUTCH MOTOR, TABLE & STAND.	5	SETS	1,600.00	8,000.00
7	**KANSAI SPECIAL BRAND MODEL:B2000C, JAPAN MADE,** HIGH -SPEED, BELT LOOP MAKING MACHINE STANDARD ACCESSORIES, COMPT.SET WITH 220V AC 250W , CHINA MADE CLUTCH MOTOR, TABLE & STAND.	2	SETS	1,950.00	3,900.00
8	**JUKI BRAND MODEL: APW895NS12QR4K,** JAPAN MADE,SEMY DRY HEAD,LOCK STITCH AUTOMATIC WELTING MACHINE SA117N DAT STRETCHER, SA118NS SHIM DEVICE, SA131N, ADDITINAL MARKER,SA141MOVING MARKER WITH 12MM GAUGE & STANDARD ACCESSORIES.	1	SET	24,000.00	24,000.00
9	**JUKI BRAND MODEL : MO6716SDE440H / E35**	18	SETS	1,100.00	19,800.00

	CHINA ASSEMBLED, HIGH SPEED, 2-NEEDLE, 5- , THREAD, 3-LOOPER,OVERLOCK / SAFETY STITCH MACHINE WITH STANDARD ACCESSORIES, COMPT, SET WITH 220V AC 400W CHINA MADE CLUTCH MOTOR, MALAYSIA MADE TABLE & STAND.				
10	**JUKI BRAND MODEL: LK1903ANSS301 / MC598KSS,** JAPAN MADE, COMPUTER CONTROLLED, HIGH SPEED, LOCKSTITCH **BUTTON SEWING** MACHINE & STANDARD ACCESSORIES COMPT. SET WITH COMPACT TYPE AC SERVO MOTOR WITH CHINA MADE CONTROL BOX, MALAYSIA MADE TABLE & STAND.	2	SETS	5,200.00	10,400.00
11	**JUKI BRAND MODEL: MS1261F/VO45S,** JAPAN MADE, 3-NEEDLE, FEED OFF-THE- ARM, DOUBLE CHAINSTITCH MACHINE & STANDARD ACCESSORIES, **WITH PULLER** COMPT.SET WITH 220V AC 400W CHINA MADE CLUTCH MOTOR, MALAYSIA MADE TABLE & STAND.	9	SETS	4,950.00	44,550.00
12	**JUKI BRAND MODEL: LK1903ANSS301 / MC598KSS,** JAPAN MADE, COMPUTER CONTROLLED, HIGH SPEED, LOCKSTITCH **BUTTON SEWING** MACHINE & STANDARD ACCESSORIES COMPT. SET WITH COMPACT TYPE AC SERVO MOTOR WITH CHINA MADE CONTROL BOX, MALAYSIA MADE TABLE & STAND.	3	SETS	4,200.00	12,600.00
13	**JUKI BRAND MODEL: AMS210ENHLS2210SZ5000D /MC587K/IP420F,** JAPAN MADE, **SEMI DRY HEAD, DIRECT DRIVE,** COMPUTER-CONTROLLED CYCLE MACHINE WITH AN INPUT FUNCTION FOR TOPSTITCHING JEANS POCKETS, **IP420F** INTELLIGENT PANEL COMPT. SET WITH TABLE STAND AND MOTOR. (SEWING AREA: 100mm (L) X 220 mm (W)	1	SET	15,600.00	15,600.00
14	**KANSAI SPECIAL BRAND MODEL: DFB-1411PXP,** JAPAN MADE, 11-NEEDLE, 22-THREAD, ELASTIC INSERTING MACHINE & STANDARD ACCESSORIES WITH COMPT.SET WITH 220V AC 250W CHINA MADE CLUTCH MOTOR, WITH MALAYSIA MADE TABLE & STAND.	3	SETS	1,885.00	5,655.00
15	**KM BRAND MODEL: KS-AU-V-**10" STRAIGHT KNIFE CLOTH CUTTING MACHINECOMPLETE SET. MADE IN JAPAN.	2	SETS	1,365.00	2,730.00
16	**AMIDA BRAND:** CHINA MADE, PHEMATIC TYPE SNAP BUTTON MACHINE, COMPT.SET WITH 220V AC WITH TABLE, STAND & MOTOR.	6	SETS	1,100.00	6,600.00
17	**AMIDA BRAND: HD-650CE,** CHINA MADE, CONVEYOR TYPE NEEDLE DETECTOR MACHINE, COMPT.SET WITH STANDARD ACCESSORIES. DITECTING ABILITY:1.0MM,VOLTAGE:220V,	1	SET	5,850.00	5,850.00
18	**AMIDA BRAND: ST-30,** CHINA MADE, HANDY TYPE NEEDLE DETECTOR, COMPT.SET WITH STANDARD ACCESSORIES.	1	SET	200.00	200.00
19	**AMIDA BRAND MODEL:PM-600LFS,** CHINA MADE ,STRAIGHT FUSING PRESS MACHINE,PRESSURE(MAX)62N,,BELT SPEED:10.2M , TEMPERATURE(MAX) 195'C,STANDARD EQUIPMENT.	1	SET	6,800.00	6,800.00
20	**AMIDA BRAND: F1-61,** FABRIC INSPECTION MACHINE FOR WOVEN. FABRICS AND FABRIC AUTO EDGE ALIGNMENT/ RELAXING, COMPT.SET WITH STANDARD ACCESSORIES. VOLTAGE:220V, SIZE:72". MADE IN CHINA.	1	SET	8,840.00	8,840.00
21	**AMIDA BRAND: CZD-B11,** CHINA MADE, END CUTTER MACHINE FOR WOVEN COMPT.SET WITH STANDARD ACCESSORIES. CUTTING HIGHT:0-4MM,CUTTING WIDTH: 1-3MM,VOLTAGE:220V,	1	SET	880.00	880.00
22	**SILBER STAR BRAND MODEL:SP-610,**	6	SETS	160.00	960.00

	HEATERLESS ALL STEAM IRON .COMPLETE SET. MADE IN CHINA.				
23	**AMIDA BRAND:VIT-1B,**	6	SETS	675.00	4,050.00
	VACCUM IRON TABLE WITH CHIMNY WORKING SIZE 1300X800 MM COMPLETE SET.MADE IN CHINA.				
23	**AMIDA BRAND:ST-1500,**	1	SET	1,625.00	1,625.00
	THREAD SUCKING MACHINE. VOLTAGE :220V,COMPLETE SET. MADE IN CHINA.				
	TOTAL USD. THREE LAC SEVENTEEN THOUSAND ONE HUNDRED THIRTY FIVE ONLY.				317,135.00
	Total BDT (@ Tk.85.00 per USD)= Tk.2,69,56,475.00				

Local Machinery:

In addition to the imported machinery, the project will also require some local machinery and equipment like -generator, sub-station & other local made machineries etc. The total cost of local machinery and equipment has been estimated at Taka 55.50 lac . Details of local machinery have been shown in .

Local Machinery & Equipments

	Machinery Description	Qty Nos.	Unit	Rate (Tk.)	Amount (Tk. In '000')
1.	Button Hole making Machine	2	Each	200000	400
2..	Button Stitching Machine	2	Each	150000	300
3.	Hot Fusing Press	2	Each	130000	260
4.	Garment Washing Machine 25 Kg capacity	2	Each	250000	500
5.	Hydro extractor 25 Kg capacity	2	Each	150000	300
6.	Tumbler Dryer 25 Kg capacity	2	Each	250000	500
7.	Flat Bed Steam Iron Press with Vacuum Table.	6	Each	100000	600
8.	Zig Zag Embroidery Machine	2	Each	80000	160
9.	One niddle zigzag	2	Each	40000	80
10.	Generator Set 50KVA	1	Each	500000	500
11.	Wash Room Trolleys	10	Each	15000	150
12.	Boiler 100 kg	1	Each	300000	300
13.	Electric Transformer 50 KV	1	Each	200000	200
14.	Deep Tube well	1	Each	800000	800
14.	Fire Equipment	1	Unit	200000	200
15.	Iron Set with Vacom Table	1	Each		200
16.	CC Camera All Factory	1	Unit	LS	100
					5550

Annexure-2

SALES ESTIMATE

Sl. No	Name of Product	Quantity	Unit	Rate in Tk.	Amount in Tk. '000'
01.	Gents Shirt/ T Shirt	120000	Pcs	250	30000
02.	Ladies Suits (Skirts/ kurta/ salwar)	25000	Pcs	800	20000
03.	Gents Trouser	50000	Pcs	300	15000
04.	Pollo Shirt	100000	PCS	350	35000
05.	Shari & Other Items			LS	12500
	Total				**112500**

	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	**70%**	**75%**	**80%**	**85%**	**90%**
Revenue at rated Capacity	112500	112500	112500	112500	112500
Revenue at Utilized Capacity	78750	84375	90000	95625	101250
Add: Opening WIP	0	525	562	600	637
Total Estimated Production	78750	84900	90562	96225	101887
Less: Closing WIP	525	562	600	637	675
Actual Production	78225	84338	89962	95588	101212
Add: Opening FG	0	1825	2010	2146	2280
Goods Available for Sales	78225	86163	91972	97734	103492
Less: Closing FG	1825	2010	2146	2280	2415
Revenue on Sales	76400	84153	89826	95454	101077
Total Revenue	**76400**	**84153**	**89826**	**95454**	**101077**

ASSUMPTION

Working days	300	Days
Working days per season	10	Days
Working season	1	Shift
Work in Process	2	Days
Finished Goods	7	Days
Construction Period	6	Month

Annexure-3

ESTIMATED INCOME STATEMENT

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	**70%**	**75%**	**80%**	**85%**	**90%**
Sales	76400	84153	89826	95454	101077
Cost of Goods sold	61593	67409	71569	75916	80311
Gross Profit	**14807**	**16744**	**18257**	**19538**	**20766**
Operating Expense	5141	5512	5863	6234	6641
Operating Profit	**9666**	**11232**	**12394**	**13304**	**14125**
Financial Expenses					
Intt. On Fixed cost	1820	1559	1274	962	621
Intt. On Working Capital	903	968	1031	1095	1159
Preliminary and Pre-operation Expenses Write-off	200	200	200	200	200
Financial and Other Expenses	**2923**	**2727**	**2505**	**2257**	**1980**
Profit before Other Income	**6743**	**8505**	**9889**	**11047**	**12145**
Income From Short Term Investment	0	0	0	0	0
Income Before WPP	**6743**	**8505**	**9889**	**11047**	**12145**
Workers Participation Fund	337	425	494	552	607
Profit after Workers Profit Participation Fund	**6406**	**8080**	**9395**	**10495**	**11538**
Income Tax	641	808	940	1050	1154
Profit after Income Tax/Reserve	**5765**	**7272**	**8455**	**9445**	**10384**
Dividend	2229	3566	4458	5350	6687
Retained Earnings	**3536**	**3706**	**3997**	**4095**	**3697**
Last Year Balance	0	3536	7242	11239	15334
Cumulative Retained Earnings	**3536**	**7242**	**11239**	**15334**	**19031**
Ratios (%):-					
Gross Profit to Sales	19.38%	19.90%	20.32%	20.47%	20.54%
Operating Profit to Sales	12.65%	13.35%	13.80%	13.94%	13.97%
Income after tax to Sales	7.55%	8.64%	9.41%	9.89%	10.27%
Net Profit to Paid-up Capital:					
Before Income Tax/Tax Holiday Reserve	14.36%	18.12%	21.07%	23.54%	25.88%
After Income Tax/Tax Holiday Reserve	12.93%	16.31%	18.97%	21.19%	23.29%
Dividend	5.00%	8.00%	10.00%	12.00%	15.00%
Dividend pay out	38.66%	49.03%	52.73%	56.64%	64.40%

Annexure-4 (a)

SENSITIVITY ANALYSIS

Increase in Production cost 5.00%

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	**70%**	**75%**	**80%**	**85%**	**90%**
Sales	76400	84153	89826	95454	101077
Cost of Goods sold	64673	70779	75147	79712	84327
Gross Profit	**11727**	**13374**	**14679**	**15742**	**16750**
Operating Expense	5141	5512	5863	6234	6641
Operating Profit	**6586**	**7862**	**8816**	**9508**	**10109**
Financial Expenses					
Intt. On Fixed cost	1820	1559	1274	962	621
Intt. On Working Capital	903	968	1031	1095	1159
Preliminary and Pre-operation Expenses Write-off	200	200	200	200	200
Financial and Other Expenses	**2923**	**2727**	**2505**	**2257**	**1980**
Profit before Other Income	**3663**	**5135**	**6311**	**7251**	**8129**
Income From Short Term Investment	0	0	0	0	0
Income Before WPP	**3663**	**5135**	**6311**	**7251**	**8129**
Workers Participation Fund	183	257	316	363	406
Profit after Workers Profit Participation Fund	**3480**	**4878**	**5995**	**6888**	**7723**
Income Tax	348	488	600	689	772
Profit after Income Tax/Reserve	**3132**	**4390**	**5395**	**6199**	**6951**
Dividend	2229	3566	4458	5350	6687
Retained Earnings	**903**	**824**	**937**	**849**	**264**
Last Year Balance	0	903	1727	2664	3513
Cumulative Retained Earnings	**903**	**1727**	**2664**	**3513**	**3777**
Ratios (%):-					
Gross Profit to Sales	15.35%	15.89%	16.34%	16.49%	16.57%
Operating Profit to Sales	8.62%	9.34%	9.81%	9.96%	10.00%
Income after tax to Sales	4.10%	5.22%	6.01%	9.86%	6.88%

Annexure-4 (b)

SENSITIVITY ANALYSIS

Decrease in Production cost 5.00%

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	**70%**	**75%**	**80%**	**85%**	**90%**
Sales	76400	84153	89826	95454	101077
Cost of Goods sold	58513	64039	67991	72120	76295
Gross Profit	**17887**	**20114**	**21835**	**23334**	**24782**
Operating Expense	5141	5512	5863	6234	6641
Operating Profit	**12746**	**14602**	**15972**	**17100**	**18141**
Financial Expenses					
Intt. On Fixed cost	1820	1559	1274	962	621
Intt. On Working Capital	903	968	1031	1095	1159
Preliminary and Pre-operation Expenses Write-off	200	200	200	200	200
Financial and Other Expenses	**2923**	**2727**	**2505**	**2257**	**1980**
Profit before Other Income	**9823**	**11875**	**13467**	**14843**	**16161**
Income From Short Term Investment	0	0	0	0	0
Income Before WPP	**9823**	**11875**	**13467**	**14843**	**16161**
Workers Participation Fund	491	594	673	742	808
Profit after Workers Profit Participation Fund	**9332**	**11281**	**12794**	**14101**	**15353**
Income Tax	933	1128	1279	1410	1535
Profit after Income Tax/Reserve	**8399**	**10153**	**11515**	**12691**	**13818**
Dividend	2229	3566	4458	5350	6687
Retained Earnings	**6170**	**6587**	**7057**	**7341**	**7131**
Last Year Balance	0	6170	12757	19814	27155
Cumulative Retained Earnings	**6170**	**12757**	**19814**	**27155**	**34286**
Ratios (%):-					
Gross Profit to Sales	23.41%	23.90%	24.31%	24.45%	24.52%
Operating Profit to Sales	16.68%	17.35%	17.78%	17.91%	17.95%
Income after tax to Sales	10.99%	12.06%	12.81%	13.30%	13.67%

Annexure-5

COST OF GOODS SOLD ESTIMATE

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	**70%**	**75%**	**80%**	**85%**	**90%**
Raw Materials at Rated Capacity	**64700**	**64700**	**64700**	**64700**	**64700**
Raw Materials at Utilized Capacity	45290	48525	51760	54995	58230
Labour	12194	12804	13443	14115	14821
Overhead	1487	1730	1978	2423	2877
Depreciation	4516	4516	4516	4516	4516
Total	**63487**	**67575**	**71697**	**76049**	**80444**
Add: Opening WIP	0	423	450	478	507
Total WIP	**63487**	**67998**	**72147**	**76527**	**80951**
Less: Closing WIP	423	450	478	507	536
Total Work Cost	**63064**	**67548**	**71669**	**76020**	**80415**
Add: Opening FG	0	1471	1610	1710	1814
Goods Available for sales	**63064**	**69019**	**73279**	**77730**	**82229**
Less: Closing FG	1471	1610	1710	1814	1918
Cost of the Goods Sold	**61593**	**67409**	**71569**	**75916**	**80311**

Annexure-5(a)

Annual Requirement of Raw Material at 100% Capacity

Sl.No	Item	Quantity	Rate (Tk.)	Value (Tk. In '000')
01	Cotton Fabric Shirting	264000 Mtrs	100.00	26400
02.	Blended Fabric for Trousers	162000 Mtrs	150.00	24300
03.	Yearn	10000 Kg	300.00	3000
04.	Dyeing cost	10000 Kg	50.00	500
05.	Trims and imbellishments	120000 Nos	25.00	3000
06.	Sewing Thread	240000 Mtrs	10.00	2400
07.	Packing Material	LS		5000
08.	Washing Detergents	LS		100
	Total			**64700**

Annexure-5(b)

Labour:

Name of the Post	Proposed Post	Total Post	Rate per Month	Total Salary per Annum in Tk. '000'
Production Manager	1	1	50000	600
Cutting Master	1	1	40000	480
Fidderman	1	1	15000	180
Production Supervisor	1	1	15000	180
Electrical Supervisor	1	1	15000	180
Quality Controller	1	1	15000	180
Accountant	1	1	15000	180
Store Manager	1	1	15000	180
Delivery man	2	2	10000	240
Loader	2	2	10000	240
Security Operator	2	2	10000	240
Skilled Worker	50	50	8000	4800
Un-skilled Worker	5	5	6000	360
Total	**69**	**69**		**8040**

Assumption :-

Annual Wages Increment	5%
Fringe Benifite	35%
Bonus	2

Item	Year -1	Year -2	Year -3	Year -4	Year -5
Basic	**8040**	**8040**	**8442**	**8864**	**9307**
Increment	0	402	422	443	465
Fringe Benefit	2814	2955	3102	3257	3420
Bonus	1340	1407	1477	1551	1629
Total:	**12194**	**12804**	**13443**	**14115**	**14821**

Annexure-5b

Overhead

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Repair & Maintenance of Building	50	76	101	151	202
Repair & Maintenance of Machineries	163	244	325	488	650
Storage & Spares	163	244	325	488	650
Rent, Tax & Insurance	591	591	591	591	591
Utilities	420	450	480	510	540
Other Manufacturing Overhead	100	125	156	195	244
Total:	**1487**	**1730**	**1978**	**2423**	**2877**

Utilities

Item	Year -1	Year -2	Year -3	Year -4	Year -5
	70%	75%	80%	85%	90%
Electricity	140	150	160	170	180
Fuel & Lubricant	210	225	240	255	270
Water	70	75	80	85	90
Total :	**420**	**450**	**480**	**510**	**540**

Depreciation

Assets	Assets	Rate	Year -1	Year -2	Year -3	Year -4	Year -5
Building	10096	5.00%	505	505	505	505	505
Machineries	32506	10.00%	3251	3251	3251	3251	3251
Office Equipment	200	20.00%	40	40	40	40	40
Furniture & Fixture	1200	10.00%	120	120	120	120	120
Vehicles	3000	20.00%	600	600	600	600	600
Total:			**4516**	**4516**	**4516**	**4516**	**4516**

Annexue-5(c)

OPERATING EXPENSES

Taka in '000'

Item	Year -1	Year -2	Year -3	Year -4	Year -5
Administrative Expenses	2912	3058	3211	3372	3540
General Expenses	701	771	855	953	1079
Selling Expenses	1528	1683	1797	1909	2022
Total:	**5141**	**5512**	**5863**	**6234**	**6641**

Administrative Expenses

Name of the Post	Proposed Post	Total Post	Rate per Month	Existing Salary per Annum	Total Salary per Annum
General Manager	1	1	60000	0	720
Sales/ Marketing Executive	2	2	15000	0	360
Procurement Officer	2	2	12000	0	288
Store keeper	1	1	12000	0	144
Off. Assist/Computer Operator	1	1	10000	0	120
Driver	1	1	10000	0	120
Off Peon	2	2	7000	0	168
Total	**10**	**10**		**0**	**1920**

Assumption :-

Annual Wages Increment	5%
Fringe Benefit	35%
Bonus	2

Item	Year -1	Year -2	Year -3	Year -4	Year -5
Basic	**1920**	**1920**	**2016**	**2117**	**2223**
Increment	0	96	101	106	111
Fringe Benefit	672	706	741	778	817
Bonus	320	336	353	371	389
Total:	**2912**	**3058**	**3211**	**3372**	**3540**

General Expenses: Taka in '000'

Item	Yearly Increment	Year -1	Year -2	Year -3	Year -4	Year -5
Postage, Telephone, Telex, Fax etc.	20.00%	50	60	72	86	104
Printing and Stationery	20.00%	50	60	72	86	104
Fuel for Vehicles	20.00%	50	60	72	86	104
Legal and Audit	20.00%	50	60	72	86	104
Miscellaneous Expenses	20.00%	50	60	72	86	104
Advertisement	20.00%	50	60	72	86	104
Traveling Conveyance	20.00%	50	60	72	86	104
Amortization of IDCP		351	351	351	351	351
Total		**701**	**771**	**855**	**953**	**1079**

Selling Expenses

Item	% of Yearly Sales	Year -1	Year -2	Year -3	Year -4	Year -5
Selling Expenses	**2.00%**	**1528**	**1683**	**1797**	**1909**	**2022**

Annexure-5(d)

FINANCIAL EXPENSES

Loan Amount (net)	19,504,000.00
Time (Year)	7
Construction Period (C.P)	1.00
Instalment per year	4
Rate of Interest	9.00%
Total Instalment	24
IDCP	1,755,360.00
Residual Loan Amount	21,259,360.00
Instalment during (C.P)	0
From formula	0

Effective rate

No of Instalment	Date of payment	Residual Loan Amount	Instalment of Pr. Amount	Intt. On Pr. Amount	Monthly Instalment	Rest of Pr. Amount
1	13th Month	Tk. 21,259,360.00	(Tk. 677,753.26)	Tk. 478,335.60	(Tk. 1,156,089)	Tk. 20,581,606.74
2		Tk. 20,581,606.74	(Tk. 693,002.71)	Tk. 463,086.15	(Tk. 1,156,089)	Tk. 19,888,604.03
3		Tk. 19,888,604.03	(Tk. 708,595.27)	Tk. 447,493.59	(Tk. 1,156,089)	Tk. 19,180,008.75
4		Tk. 19,180,008.75	(Tk. 724,538.67)	Tk. 431,550.20	(Tk. 1,156,089)	Tk. 18,455,470.09
5		Tk. 18,455,470.09	(Tk. 740,840.79)	Tk. 415,248.08	(Tk. 1,156,089)	Tk. 17,714,629.30
6		Tk. 17,714,629.30	(Tk. 757,509.70)	Tk. 398,579.16	(Tk. 1,156,089)	Tk. 16,957,119.60
7		Tk. 16,957,119.60	(Tk. 774,553.67)	Tk. 381,535.19	(Tk. 1,156,089)	Tk. 16,182,565.92
8		Tk. 16,182,565.92	(Tk. 791,981.13)	Tk. 364,107.73	(Tk. 1,156,089)	Tk. 15,390,584.79
9		Tk. 15,390,584.79	(Tk. 809,800.71)	Tk. 346,288.16	(Tk. 1,156,089)	Tk. 14,580,784.09
10		Tk. 14,580,784.09	(Tk. 828,021.22)	Tk. 328,067.64	(Tk. 1,156,089)	Tk. 13,752,762.87
11		Tk. 13,752,762.87	(Tk. 846,651.70)	Tk. 309,437.16	(Tk. 1,156,089)	Tk. 12,906,111.17
12		Tk. 12,906,111.17	(Tk. 865,701.36)	Tk. 290,387.50	(Tk. 1,156,089)	Tk. 12,040,409.81
13		Tk. 12,040,409.81	(Tk. 885,179.64)	Tk. 270,909.22	(Tk. 1,156,089)	Tk. 11,155,230.16
14		Tk. 11,155,230.16	(Tk. 905,096.18)	Tk. 250,992.68	(Tk. 1,156,089)	Tk. 10,250,133.98
15		Tk. 10,250,133.98	(Tk. 925,460.85)	Tk. 230,628.01	(Tk. 1,156,089)	Tk. 9,324,673.13
16		Tk. 9,324,673.13	(Tk. 946,283.72)	Tk. 209,805.15	(Tk. 1,156,089)	Tk. 8,378,389.41
17		Tk. 8,378,389.41	(Tk. 967,575.10)	Tk. 188,513.76	(Tk. 1,156,089)	Tk. 7,410,814.31
18		Tk. 7,410,814.31	(Tk. 989,345.54)	Tk. 166,743.32	(Tk. 1,156,089)	Tk. 6,421,468.77
19		Tk. 6,421,468.77	(Tk. 1,011,605.82)	Tk. 144,483.05	(Tk. 1,156,089)	Tk. 5,409,862.95
20		Tk. 5,409,862.95	(Tk. 1,034,366.95)	Tk. 121,721.92	(Tk. 1,156,089)	Tk. 4,375,496.01
21		Tk. 4,375,496.01	(Tk. 1,057,640.20)	Tk. 98,448.66	(Tk. 1,156,089)	Tk. 3,317,855.81
22		Tk. 3,317,855.81	(Tk. 1,081,437.11)	Tk. 74,651.76	(Tk. 1,156,089)	Tk. 2,236,418.70
23		Tk. 2,236,418.70	(Tk. 1,105,769.44)	Tk. 50,319.42	(Tk. 1,156,089)	Tk. 1,130,649.25
24		Tk. 1,130,649.25	(Tk. 1,130,649.25)	Tk. 25,439.61	(Tk. 1,156,089)	(Tk. 0.00)
25		(Tk. 0.00)	(Tk. 1,156,088.86)	(Tk. 0.00)	(Tk. 1,156,089)	(Tk. 1,156,088.86)

Particulars	Year -1	Year -2	Year -3	Year -4	Year -5
Instalment	2,803,889.91	3,064,885.29	3,350,174.99	3,662,020.39	4,002,893.41
Interest	1,820,465.54	1,559,470.16	1,274,180.47	962,335.06	621,462.05
	4,624,355.45	4,624,355.45	4,624,355.46	4,624,355.45	4,624,355.46

Annexure-6

BREAK EVEN ANALYSIS

BREAK EVEN ANALYSIS

Taka in '000'

1) Revenue excluding other income at 5th Year 101077
Capacity Utilization 90%

Item	Total Cost	Variable Cost	Fixed Cost
Raw and packaging Materials	58230	58230	0
Wages & Labour	14821	11116	3705
Stores & Spares	650	455	195
Repair & Maintenance	852	256	596
Water, Power, Fuel & Lubricant	540	378	162
Rent, Tax & Insurance	591	0	591
Administrative & General Expenses	4619	1386	3233
Selling Expenses	2022	2022	0
Loan Interest	2041	0	2041
Lease Rental	0	0	0
Depreciation	4516	0	4516
Write-Off	200	0	200
Workers Profit Participation Fund	594	594	0
Other Overhead Expenses	244	122	122
Total	**89920**	**74559**	**15361**

P/V Ratio = {(Sales-Variable Cost)/Sales} =	0.2624	
Break Even Sales =(Fixed Cost)/PV Ratio) =	585.40	Lacs
Break Even Capacity of Operation:		
Utilized Capacity	57.92	%

Annexure-7

ESTIMATED CASH FLOW STATEMENT

Taka in '000

For the Period Ended	Construction Period	Year -1	Year -2	Year -3	Year -4	Year -5
SOURCE OF FUND						
Fund Generated for Operation:						
Operating Profit	0	9666	11232	12394	13304	14125
Add: Back Depreciation	0	4516	4516	4516	4516	4516
Total Fund From Operation	**0**	**14182**	**15748**	**16910**	**17820**	**18641**
Income From Short Term Investment	**0**	**0**	**0**	**0**	**0**	**0**
Decrease in Current Assets		0	0	0	0	0
Long Term Bank Loan on machinery cost	19504	0	0	0	0	0
Bank Loan on working capital	11701					
Directors Loan	0	0	0	0	0	0
Paid-up Capital: Sponsors	44581	0	0	0	0	0
Short Term Bank Loan	0	0	0	0	0	0
Total Source of Fund	**75786**	**14182**	**15748**	**16910**	**17820**	**18641**
APPLICATION OF FUND:						
Investment in Fixed Assets	57570	0	0	0	0	0
Preliminary & Share Issue Expenses	1000	0	0	0	0	0
Security Deposit	500	0	0	0	0	0
Repayment of Loan:						
Long Term Bank Loan	0	2804	3065	3350	3662	4003
Directors Loan	0	0	0	0	0	0
Repayment of Interest on:		0	0	0	0	0
Long Term Bank Loan (Fixed cost)	0	1820	1559	1274	962	621
Bank Loan on orking capital	0	903	968	1031	1095	1159
Increase in Current Assets	0	3129	235	201	217	219
Payment of Dividend	0	0	2229	3566	4458	5350
Short Term Investments	0	0	0	0	0	0
Total Application of Fund	**59070**	**8656**	**8056**	**9422**	**10394**	**11352**
Cash Surplus/(Deficit) for the Year	16716	5526	7692	7488	7426	7289
Cash Balance Beginning of the Year	0	16716	22242	29934	37422	44848
Cash Balance End of the Year	**16716**	**22242**	**29934**	**37422**	**44848**	**52137**

Annexure-8

ESTIMATED BALANCE SHEETS

Description	Construction Period Year-0	Year -1	Year -2	Year -3	Year -4	Year -5
ASSETS:						
Current Assets						
Inventory :						
Cash & Bank Balance	16716	22242	29934	37422	44848	52137
Inventory : Raw Material	0	0	0	0	0	0
Work in Process (WIP)	0	423	450	478	507	536
Finished Goods (FG)	0	1471	1610	1710	1814	1918
Storage & Spares and Others	0	16	24	33	49	65
Salary, Wage & other exp	0	1219	1280	1344	1412	1482
Total Current Assets	**16716**	**25371**	**33298**	**40987**	**48630**	**56138**
Fixed Assets at Cost	57570	57570	57570	57570	57570	57570
Less: Accumulated Depreciation	0	4516	9032	13548	18064	22580
Net Fixed Assets	**57570**	**53054**	**48538**	**44022**	**39506**	**34990**
Other Assets						
Preliminary Share Issue Expense	1000	800	600	400	200	0
Security Deposit	500	500	500	500	500	500
Total Other Assets	**1500**	**1300**	**1100**	**900**	**700**	**500**
TOTAL ASSETS	**75786**	**79725**	**82936**	**85909**	**88836**	**91628**
LIABILITIES & EQUITY:						
Liabilities:						
Current Liabilities						
Short Term Bank Loan						
Workers Profit Participation Fund	0	337	762	1256	1808	2415
Tax Holiday Reserve	0	641	1449	2389	3439	4593
Dividends Payable	0	2229	3566	4458	5350	6687
Total Current Liabilities	**0**	**3207**	**5777**	**8103**	**10597**	**13695**
Long Term Liabilities						
Long Term Bank Loan	19504	16700	13635	10285	6623	2620
Working capital loan	11701	11701	11701	11701	11701	11701
Total Long Term Liabilities	**31205**	**28401**	**25336**	**21986**	**18324**	**14321**
Equity:						
Paid-up Capital	44581	44581	44581	44581	44581	44581
Retained Profit	0	3536	7242	11239	15334	19031
Total Equity & Reserve	**44581**	**48117**	**51823**	**55820**	**59915**	**63612**
TOTAL LIABILITIES & EQUITY	**75786**	**79725**	**82936**	**85909**	**88836**	**91628**

Annexure-9

INTERNAL RATE OF RETURN (IRR)

Taka in '000'

Year	Cost Stream	Income Stream	Benefit Stream	DF at 15%	N.P.V AT 15%	D.F at 50%	N.P.V at 50%
Year-1	120663	76400	-44263	0.87	-38509	0.667	-29523
Year – 2	67409	84153	16744	0.756	12658	0.444	7434
Year -3	71569	89826	18257	0.658	12013	0.296	5404
Year-4	75916	95454	19538	0.572	11176	0.198	3869
Year-5	80311	101077	20766	0.497	10320	0.132	2741
					7658		**-10075**

$$= 15 + \frac{7658}{7658+10075} \times (50-15)$$

$$= 15 + \frac{7658}{17733} \times (50-15)$$

$$= 15 + 6.48$$

$$= 21.48\%$$

Annexure-10

PAY-BACK PERIOD

Year	.	Net Profit	Depreciation and Write-off	Net Inflow	Taka in '000' Balance
0	75786	0	0	(75786)	(75786)
1	0	6406	4516	10922	(64864)
2	0	8080	4516	12596	(52268)
3	0	9395	4516	13911	(38357)
4	0	10495	4516	15011	(23346)
6	0	11538	4516	16054	(7292)
7	0	11538	4516	16054	8762
8	0	11538	4516	16054	24816
9	0	11538	4516	16054	40870
10	0	11538	4516	16054	56924

PAY-BACK PERIOD = 7 Year

DEBT SERVICE COVERAGE RATIO

Taka in '000'

	Year -1	Year -2	Year -3	Year -4	Year -5
Fund Generated from Operation					
Operating Profit	9666	11232	12394	13304	14125
Add: Back Depreciation	4516	4516	4516	4516	4516
Total Fund From Operation	**14182**	**15748**	**16910**	**17820**	**18641**
Repayment of Loan:					
Long Term Bank Loan	2804	3065	3350	3662	4003
Directors Loan	0	0	0	0	0
Repayment of Interest:	0	0	0	0	0
Long Term Bank Loan	1820	1559	1274	962	621
Working capital	903	968	1031	1095	1159
IDCP Loan	351	351	351	351	351
Directors loan	0	0	0	0	0
Short Term Loan	0	0	0	0	0
Total Liabilities	**5878**	**5943**	**6006**	**6070**	**6134**
Debt Service Coverage Ratio(Times)	**2.41**	**2.65**	**2.82**	**2.94**	**3.04**

Annexure-12

Contribution to GDP :

(Amount in "000")

Particulars	Year : 1	Year : 2	Year : 3	Year : 4	Year : 5
Net Revenue	76400	84153	89826	95454	101077
Inter-firm Transactions :					
Raw and Packing Materials	45290	48525	51760	54995	58230
Stores & Spares	185	278	370	556	741
Repair & Maintenance (Buildings)	50	76	101	151	202
Repair & Maintenance (Machineries)	151	227	302	453	604
Insurance	571	571	571	571	571
Water, Power. Fuel & Lubricant	420	450	480	510	540
Other Manufacturing Overhead	100	125	156	195	244
Office Supplies	0	0	0	0	0
Postage, Telephone, Telex, Fax, etc.	50	60	72	86	104
Travelling	50	60	72	72	104
Auditor's Fee	50	60	72	86	104
Selling & Sales Promotion Exp.	1528	1683	1797	1909	2022
Miscellaneous Exp.	50	60	72	86	104
Total of B:	**48495**	**52175**	**55825**	**59670**	**63570**
Contribution to GDP :	**27905**	**31978**	**34001**	**35784**	**37507**