

PROJECT PROFILE ON GENTS SHIRTS AND TROUSERS

NAME OF THE PRODUCT : **GENTS SHIRTS AND TROUSERS.**

QUALITY & STANDARD : The following Indian Standards may be referred.

Garment Quality Guide – IS:12675.

Readymade Garment – IS:4039.
Packaging for Export.

Garment Guide for – IS:10194.
Positioning of Labels.

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PREPARED BY : **MSME - Development Institute,**
Ministry of Micro, Small & Medium
Enterprises,
Government of India
107, Industrial Estate, Kalpi Road,
Kanpur-208012.

(EPBAX)

Tele. 2295070, 2295071 & 2295073

Tele. No. 2295072 (SENET & TRC)
Tele/Fax No.: 0512- 2240143
email: dcdi-kanpur@dcmsme.gov.in
Website: msmedikanpur.gov.in

INTRODUCTION:

Manufacturing of Shirts and Trousers are under the category of readymade Garment industry. Readymade garment industry has occupied a unique place in the industrial scenario of our country by generating substantial export earnings and creating lot of employment. Its contribution to industrial production, employment and export earnings are very significant. This industry provides one of the basic necessities of life. The employment provided by it is a source of livelihood for millions of people. It also provides maximum employment with minimum capital investment. Since this industry is highly labour-intensive, it is ideally suited to Indian condition. This project report is prepared for the manufacture of gent's shirts, gent's trousers as they find wide acceptance in local and international markets. Any person having the knowledge of cutting and stitching operations can easily set up such establishments.

MARKET POTENTIAL:

Readymade garments are the choice of urban people. It is also gaining wider acceptance in semi-urban and rural areas. The huge charges made by tailors and delay in delivery has made people to switch over to readymade garments. In domestic market and export market, it has made spectacular progress in the last decade. This industry is becoming very vibrant and lot of foreign investment pouring in this industry because of low risk and high earning nature of this industry. As these products are fashion oriented, entrepreneurs should always keep in mind the changing fashion styles. Considering its advantageous position, it is assumed that there will be no constraint in marketing of gent's readymade garments.

BASIS & PRESUMPTIONS:

1. This project is based on single shift basis and 300 working days in a year.
2. Since this industry is labour-intensive, the working efficiency is considered at 75%.
3. Costs of machinery and equipment/ material indicated refer to a particular make and approximately to those prevailing at the time of preparation of this project.

4. Installation and electrification cost is taken @ 10% of cost of machinery and equipment.
5. Non-refundable deposits, project report cost, trial production, security deposits with Electricity Board are taken under pre-operative expenses.
6. Depreciation has been considered:
 - (a) On Building @ 5%
 - (b) On plant and machinery @ 10%
 - (c) On office furniture and fixtures @ 15%
 - (d) On other fixed assets @ 15%.
7. Interest on capital investment has been taken @ 16% per annum.
8. Minimum 25% of total investment is required as margin money.

IMPLEMENTATION SCHEDULE

Implementation period in months for executing this project in stage-wise is given below:

| Sl. No. | Activity | Period |
|---------|---|---------|
| 1. | Selection of site/working shed | 1 month |
| 2. | Formation of company (ownership/partnership) | 1 month |
| 3. | Preparation of feasibility report | 1 month |
| 4. | Registration with commissioner of Industries/DIC | 1 month |
| 5. | Arrangement of finance (Term loan and working capital) | 3 month |
| 6. | Procurement of machinery and equipment | 1 month |
| 7. | Plant erection and electrification | 2 weeks |
| 8. | Arrangement of raw material including packaging material etc. | 1 month |
| 9. | Recruitment of manpower | 1 month |
| 10. | Selection of market channel | 1 month |
| 11. | Miscellaneous works like power/water connection etc. | 2 month |

12. Note: Considering that some of the above activities may be overlapping, the project implementation will take a total period of six months approximately for starting the production.

TECHNICAL ASPECTS

Process of Manufacture: The manufacturing process involves the following steps:

1. Procurement of Fabrics

Procurement of Fabric: Dyed/bleached/printed cotton/synthetic fabrics as per demand are to be procured from the open market. The fabric will be inspected by laying on the inspection table against light before cutting so that unevenness in colour/shade or any other fault, if any visible in the fabric are eliminated.

Cutting and Stitching: The inspected fabric is placed on the cutting table in layers and then the different parts of the respective garments are demarked by a chalk as per different sizes. Cutting is carried out by the cutting machine. Stitching is carried out for individual portion of the garments by skilled workers with the help of over-lock, lock stitch machines etc.

Washing, Checking, Pressing and Packing: All garments are charged into washing machine containing mild detergent and washed for 4 hours in order to remove dirt and stains acquired during the manufacturing process. After washing, the garments are hydro extracted to remove excess water and after this, these garments are dried in tumbler dryer. Final checking is done before pressing and packing on the checking table so that any fault in the piece may be removed and protruding threads eliminated. The individual pieces are pressed by steam presses to remove any wrinkle marks and packed in the carton boxes.

QUALITY CONTROL & STANDARD:

The quality of garments mainly depends on quality of fabric used. Therefore, care must be taken while purchasing fabrics to ensure good colourfastness properties, uniformity in shade etc. Generally garments are made as per customer's specification in respect of size, design and fashion.

| Sl. No. | BIS No. | Title |
|---------|----------|--|
| 1. | IS:12675 | Garment Quality Guide |
| 2. | IS:4039 | Readymade Garment Packaging for Export. |
| 3. | IS:10194 | Garment Guide for Positioning of Labels. |

PRODUCTION CAPACITY (Per Month):

| Products | Quantity (Pcs.) | Value (Rs.) |
|----------------|-----------------|---------------|
| Gents Shirts | 90,000 | 4,68,00,000/- |
| Gents Trousers | 90,000 | |

MOTIVE POWER REQUIRED:

Total 30 HP is required to run this unit at installed capacity.

POLLUTION CONTROL:

The process of manufacture does not generate pollution. However, entrepreneurs are to contact State Pollution Control Board for necessary guidance.

ENERGY CONSERVATION:

Maximum care should be taken while selecting the machinery and other electrical equipments so as to ensure minimum power consumption.

FINANCIAL ASPECTS:

(A) Fixed Capital

(i) Land & Building:

| | | |
|----------------------|---|------------------------------------|
| Land | : | 800 sq. mtr. @ Rs. 30 per sq. mtr. |
| <u>Building Area</u> | | |
| Factory Shed | : | 200 sq. mtr. |

Store (Raw Material) : 50 sq. mtr.
Store (Finished Goods) : 50 sq. mtr.
Total Covered Area: : 300 sq. mtr.

Rs. 24,000/-

(ii) Machinery & Equipments

| Sl. No | Machinery Description | Qty Nos. | Rate (Rs.) | Value (In Rs.) |
|--------|---|----------|------------|----------------|
| 1. | Single Needle Lock Stitch Machine with motor. | 50 | 23,650/- | 11,82,500/- |
| 2. | 6" Power driven cloth cutting machine | 1 | 50,000/- | 50,000/- |
| 3. | 2 Needle Overlock Safety Stitching Machine with Trimmer | 1 | 50,000 | 50,000/- |
| 4. | Double Needle Lock Stitch Machine | 2 | 75,000/- | 1,50,000/- |
| 5. | Button Hole making Machine | 1 | 1,45,000/- | 1,45,000/- |
| 6. | Button Stitching Machine | 1 | 75,000/- | 75,000/- |
| 7. | Hot Fusing Press | 1 | 65,000/- | 65,000/- |
| 8. | Garment Washing Machine 25 Kg capacity | 1 | 1,45,000/- | 1,45,000/- |
| 9. | Hydro extractor 25 Kg capacity | 1 | 70,000/- | 70,000/- |
| 10. | Tumbler Dryer 25 Kg capacity | 1 | 1,40,000/- | 1,40,000/- |
| 11. | Flat Bed Steam Iron Press with Vacuum Table. | 4 | 75,000/- | 3,00,000/- |
| 12. | Zig Zag Embroidery Machine | 1 | 45,000/- | 45,000/- |
| 13. | Generator Set 30 KVA | 1 | 1,00,000/- | 1,00,000/- |
| 14. | Wash Room Trolleys | 4 | 10,000/- | 40,000/- |
| | Total | | | 25,57,500/- |

(iii) Other Fixed Assets

| | | |
|----|---------------------------|------------|
| i. | Erection and installation | 2,17,500/- |
|----|---------------------------|------------|

| | | |
|-----------------------------|------------------------|--------------------|
| ii. | Office Furniture | 40,000/- |
| iii. | Pre-operative expenses | 30,000/- |
| Total: | | 2,87,500/- |
| Total Fixed Capital: | | 28,45,000/- |

(B) Working Capital (per month)

(i) Staff & Labour (Per Month):

| Sl. No. | Personnel | No. | Rate(Rs.) | Amount (In Rs.) |
|--------------------------|---------------------------------------|-----|-----------|------------------|
| 1. | Marketing Manager | 1 | 10000 | 10,000/- |
| 2. | Sales Representative | 1 | 6000 | 6,000/- |
| 3. | Accounts Officer | 1 | 5000 | 5,000/- |
| 4. | Clerk/ Store-Keeper | 2 | 3500 | 7,000/- |
| 5. | Electrician | 1 | 3500 | 3,500/- |
| 6. | Peon/Watchman | 2 | 3000 | 6,000/- |
| Total: | | | | 37,500/- |
| Production Staff: | | | | |
| 7. | Production Manager | 1 | 10000 | 10,000/- |
| 8. | Cutting Master | 1 | 8000 | 8,000/- |
| 9. | Skilled Workers | 55 | 3500 | 1,92,500/- |
| 10. | Pressman | 4 | 3500 | 14,000/- |
| 11. | Unskilled Workers | 6 | 3000 | 18,000/- |
| Total: | | | | 2,42,500 |
| | Perquisites @ 20% on the total salary | | | 56,000/- |

| | |
|--------------------|-------------------|
| Grand Total | 3,36,000/- |
|--------------------|-------------------|

(ii) Raw Material (Per month):

| Sl. No | Item description | Qty. Unit | Rate (Rs.) | Value (In Rs.) |
|---------------|--------------------------------------|------------------|-------------------|-----------------------|
| 1. | Cotton Fabric Shirts (Mtrs.) | 16500 | 80/- | 13,20,000/- |
| 2. | Blended Fabric for Trousers (Mtrs.). | 10000 | 150/- | 15,00,000/- |
| 3. | Trims and Embellishments (Nos.) | 7500 | 15/- | 1,80,000/- |
| 4. | Sewing Thread (Mtrs.) | 15000 | LS | 1,23,750/- |
| 5. | Washing Detergents | | LS | 5,000/- |
| 6. | Packing Material (Nos.) | 15000 | 3 | 45,000/- |
| | | | Total : | 30,16,250/- |

(iii) Utilities: (Per Month)

| | | | |
|----|------------------------|------------|-----------------|
| 1. | Electricity | Rs. | 24,000/- |
| 2. | Water charges | Rs. | 2,000/- |
| 3. | Fuel for Generator Set | Rs. | 5,000/- |
| | Total: - | Rs. | 31,000/- |

(iv) Other Contingent Expense (Per Month):

| | | | |
|----|------------------------------|-----|-----------------|
| 1. | Rent | Rs. | 24,000/- |
| 2. | Advertisement & Publicity | Rs. | 3,000/- |
| 3. | Postage & Stationery | Rs. | 1,000/- |
| 4. | Repair and maintenance | Rs. | 2,000/- |
| 5. | Transport /Traveling charges | Rs. | 5,000/- |
| 6. | Telephone Bills | Rs. | 2,000/- |
| 7. | Miscellaneous Expenses | Rs. | 2,000/- |
| | Total: Rs. | | 39,000/- |

(v) Total Recurring expenses (per month):

| | | |
|-------------------------------|-----|-------------|
| i. Staff & Labour | Rs. | 3,36,000/- |
| ii. Raw Material | Rs. | 30,16,250/- |
| iii. Utilities | Rs. | 31,000/- |
| iv. Other contingent expenses | Rs. | 39,000/- |

Total: Rs. 34,22,250/-

(vi) Total Working Capital for 3 months: $34,22,250 \times 3 = \text{Rs. } 1,02,66,250/-$

(C) TOTAL CAPITAL INVESTMENT:

| | | |
|---------------------------------|-----|----------------------|
| 1. Machinery & Equipment | Rs. | 28,45,000/- |
| 2. Working Capital for 3 months | Rs. | 1,02,66,250/- |

Total: Rs. 1,31,11,750/-

MACHINERY UTILISATION:

Capacity utilization of plant and machinery is considered as 75% of installed capacity. However, this can be improved to 80% during 3rd year of production.

FINANCIAL ASPECTS:

(1) Cost Of Production (Per Annum)

| | | |
|------------------------------------|-----|---------------|
| 1. Recurring Expenses | Rs. | 4,10,67,000/- |
| 2. Depreciation on Machinery @ 10% | Rs. | 2,39,250/- |

| | | |
|--|-----|--------------------------|
| 3. Depreciation on Office Furniture & other fixed assets @ 20% | Rs. | 8,000/- |
| 4. Interest on Total Investment @ 16% | Rs. | 20,97,880/- |
| Total: | | Rs. 4,34,12,130/- |

(2) Turn Over(per year) by Sales

| Products | Quantity (Nos.) | Rate/Pc. (Rs.) | Value (Rs.) |
|----------------|--------------------|----------------|----------------------|
| Gents Shirts | 90,000 | 210/- | 1,89,00,000/- |
| Gents Trousers | 90,0000 | 320/- | 2,88,00,000/- |
| Total | | | 4,77,00,000/- |

(3) Net Profit (per year)
(Before Income Tax)

| | | | | |
|---------------|-----|--------------------|------------|--------------------|
| Sales Value | (-) | Cost of Production | | |
| 4,77,00,000/- | (-) | 4,34,12,130/- | Rs. | 42,87,870/- |

(4) Net Profit Ratio:

$$\frac{\text{Net profit} \times 100}{\text{Turn Over/Annum}} = \frac{42,87,870 \times 100}{4,77,00,000} = 22.68\%$$

(5) Rate of Return on Investment:
(Net Profit/Total Capital Investment)

$$\frac{\text{Annual Profit} \times 100}{\text{Total Capital Investment}} = \frac{42,87,870 \times 100}{4,34,12,130} = 9.88\%$$

Total Capital 1,31,11,750 = 32.70%
Investment

(6) Break Even Point/Analysis:

Fixed Cost (Per Annum):

| | | | |
|----|----------------------------------|------------|--------------------|
| 1. | Rent | Rs. | 2,88,000/- |
| 2. | Depreciation | Rs. | 2,47,250/- |
| 3. | Interest on Capital Investment | Rs. | 20,97,880/- |
| 4. | 40% of Wages of Staff & Labour | Rs. | 16,12,800/- |
| 5. | 40% of other contingent expenses | Rs. | 72,000/- |
| | Total Fixed Cost: | Rs. | 43,17,930/- |

Break Even Point:

$$\frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Annual Profit}} = \frac{43,17,930/- \times 100}{43,17,930/- + 42,87,870/-} = 50.17\%$$

Name & Addresses of Machinery & Equipment Suppliers

| Sl. No. | Name & Address |
|----------------|--|
| 1. | M/s Paras Special Machine Co., Madhopur Kucha No. 7, Rohan Road, Ludhiana. |
| 2. | M/s Mehala Machines India Limited, C-62, Okhla Industrial Area, Phase-1, New Delhi-110020. |
| 3. | M/s Vijay Sewing (P) Ltd., 17-D, Everest House, 46-C, Chowringhee Road, Kolkata. |
| 4. | M/s Industrial Machines Pvt. Ltd., 1/23 B, Asaf Ali Road, New Delhi-110002. |
| 5. | M/s Apparel & Leather Techniques Pvt. Ltd., Kaikondanahalli, Near Bellaandur Gate, Bangalore-560035. |
| 6. | M/s Industrial Sewing Systems, 30, Ramakrishna Street, North Usman Road, T. Nagar, Chennai. |
| 7. | JUKI Machinery (India) Pvt. Ltd., A-215/B, Okhla Industrial Area, Phase-1, New Delhi. |
| 8. | M/s B. B. Corporation, 123-B, Dada Nagar, Kanpur. |
| 9. | M/s Star International Pvt. Ltd., Star Tower, 109/366-2, R. K. Nagar, G.T. Road, Kanpur. |
| 10. | M/s Mehala Machine India Ltd., Plot NO. 18, Block H-1, 117/447, Pandu Nagar, Kanpur. |

Name & Addresses of Raw Material Suppliers:

| Sl. No. | Address |
|----------------|---|
| 1. | M/s Vardhman Threads, Mahavir Spinning Mills Ltd., Chandigarh Road, Ludhiana-141001. |
| 2. | Local Market. |