

READY MADE GARMENTS (MEN'S SHIRTS & TROUSERS)

1. INTRODUCTION:

Clothing is the basic necessity for humans. Introduction of new fashion is attracting consumers to go for readymade garments which offer designs in line with the latest trends. A continuous improvement in literacy ratio and shift to urban areas also leads to change in clothing preferences with more population opting for readymade garments.

2. PRODUCT & ITS APPLICATION:

Shirts and Trousers are two key components of men's formal clothing. As more youth complete their education and aspire for white collar jobs, they follow typical office goers' pattern of readymade garments to avoid being singled out. As readymade garments are designed by the professional fashion designers these are in sync with the current trends and offer psychological satisfaction to the user.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Graduate in any discipline.

4. INDUSTRY OUTLOOK & TRENDS:

The trend for custom stitching of shirts, trousers etc. is on decline due to time and cost involved. Also, the consumers are unable to imagine how a particular fabric would look or feel once a garment is stitched out of it. Such issues have led to growing demand for ready to wear shirts and trousers. The customers also get huge variety of fabric types, prints, designs, patterns and styles in readymade garments. Therefore the demand for these products is on the rise.

5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Increasing population, constant migration of workforce to urban areas, general preference for white collar jobs, increasing disposable income levels and aspiration to wear clothing based on latest fashion trends is generating robust demand for men's shirts and trousers. There is also good demand in Europe and American markets and these countries buy huge quantities from India, Pakistan, Bangladesh, Sri Lanka, Vietnam, Thailand, Indonesia, Malaysia and several African countries.

6. RAW MATERIAL REQUIREMENTS:

Main raw material required for shirts and trousers is the fabric. Both, cotton and blended fabric is used in the products depending on customer choice and the budget. Cotton fabrics of superior quality are expensive compared to synthetic or blended fabrics. Raw material is available in almost all towns of India either directly from the fabric manufacturers or wholesalers. Many mills have their agents or brokers who book orders from traders and garment factories on regular basis. Apart from fabric, other inputs are thread, buttons, labels, zippers, pocket & lining fabric (for trousers) and interlining (used in shirt collar, cuffs and trouser belt). Wholesalers of these materials are found in every large city although New Delhi, Mumbai, Ludhiana, Coimbatore and few other cities have several dealers and importers of these consumables.

7. MANUFACTURING PROCESS:

Fabric received from the mill is inspected on the inspection machine and defects marked with adhesive flags on the edge of the fabric. The fabric is then spread on long table (usually 4 to 8 meters long) to form layers. Separately, patterns of card board or metal sheet are prepared for each piece of a garment. These patterns are laid on layers of fabric in such a way that wastage is minimized and fabric's desired warp and weft construction as well as design or pattern is achieved in critical parts of the garment. Care is also taken to eliminate parts of fabric having major defects. Several layers of fabric are cut simultaneously through a vertical motorized blade and pieces of garments obtained. Stitching of garments is done in

assembly line mode wherein each worker stitches only some parts of the garment and unfinished garment moves forward from table to table in the assembly line. Therefore cut pieces from cutting table are distributed to the respective workers and then the garment assembly starts from 1st worker and reaches the last stage where it gets fully stitched. The garment is cleaned by removing loose threads and dirt with blower, steam pressed and packed. Garments are manufactured in sets of different sizes, colors and design/patterns as per customer requirements.

8. MANPOWER REQUIREMENT:

The enterprise needs 50 employees to start with, as detailed below:

Sr.No.	Designation of Employees	Monthly Salary ₹	Number of employees required	Annual cost ₹ in lacs
	Variable Labour / Workers:			
1	Machine operators	12,000	30	43.20
2	Production Helpers	8,000	8	7.20
	<i>sub-total</i>		38	50.40
	Fixed Staff Costs:			
1	Factory Manager	35,000	1	4.20
2	Packing Staff	8,000	4	3.84
3	Purchase Executive	20,000	1	2.40
4	Marketing Executive	20,000	1	2.40
5	Accounts Executive	20,000	1	2.40
6	Commercial Assistant	12,000	1	1.44
7	Security Guard & Peons	10,000	2	2.40
8	Driver	12,000	1	1.44
	<i>sub-total</i>		12	20.52
	Total		50	70.92

9. IMPLEMENTATION SCHEDULE:

Selection and procurement of machines takes 2 to 3 months. Recruitment of manpower also takes about 2 months. Reasonable planning can help complete the project in about 4 months.

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	2
2	Construction (if applicable)	-
3	Procurement & installation of Plant & Machinery	3
4	Arrangement of Finance	2
5	Recruitment of required manpower	2
	Total time required (some activities shall run concurrently)	4

10. COST OF PROJECT:

The project is expected to cost ₹ 61.68 lacs as detailed below:

Sr. No.	Particulars	₹ in Lacs
1	Land	-
2	Building	-
3	Plant & Machinery	29.00
4	Furniture, Electrical Installations	4.75
5	Other Assets including Preliminary / Pre-operative expenses	10.00
6	Margin for Working Capital	17.93
	Total	61.68

11. MEANS OF FINANCE:

Bank term loans are assumed @ 60% of fixed assets. The proposed funding pattern is as under:

Sr. No.	Particulars	₹ in Lacs
1	Promoter's contribution	35.43
2	Bank Finance	26.25
	Total	61.68

12. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 35.10 lacs as detailed below:

Sr. No.	Particulars	Gross Amt.	Margin %	Margin Amt.	Bank Finance
1	Inventories	18.98	40%	7.59	11.39
2	Receivables	19.13	40%	7.65	11.48
3	Overheads	6.49	100%	6.49	-
4	Creditors	-9.49	40%	-3.80	-5.69
	Total	35.10		17.93	17.17

13. LIST OF MACHINERY REQUIRED:

Sr. No.	Particulars	UOM	Qty.	Rate (₹)	Value (₹ in Lacs)
	Plan & Machinery / equipments				
a)	Main Machinery				
i.	Single needle machines + Accessories	Nos	20	75,000	15.00
ii.	Fabric Cutting table + Machine	LS	1	1,00,000	1.00
iii.	Over lock machines	No	2	75,000	1.50
iv.	Double Needle machine + Accessories	Nos	2	75,000	1.50
v	Zig Zag stitching machine	Nos	2	75,000	1.50
vi.	Button hole & stitching machines	Set	1	2,50,000	2.50
vii	Washing machine - commercial	Nos	2	1,00,000	2.00
b)	Ancillary machinery				
i.	Lab Equipments	LS	1	2,00,000	2.00
ii.	Steam Iron, Blower etc.	LS	1	1,00,000	1.00
iii.	Trolleys & material handling	LS	1	1,00,000	1.00
	<i>sub-total Plant & Machinery</i>				29.00
	Furniture / Electrical installations				
a)	Computer and printer	Set	2	50,000	1.00

Sr. No.	Particulars	UOM	Qty.	Rate (₹)	Value (₹ in Lacs)
b)	Office Tables, Chairs	LS	1	1,00,000	1.00
c)	Inspection, packing & storing tables	Nos	3	25,000	0.75
d)	Storage Racks	Nos.	25	8,000	2.00
	<i>sub total</i>				-
	Other Assets				4.75
a)	Rent Deposits		2	1,25,000	2.50
b)	Delivery Van	Nos	1	7,50,000	7.50
	<i>sub-total Other Assets</i>				10.00
	Total				43.75

Single Needle and Double Needle stitching machines are available from following suppliers. They have offices across several cities in India. There may also be other local machinery manufacturers offering alternate machines of various makes and models.

- IIGM Private Limited
 Springdale No. 51,
 Residency Road, 3rd cross,
 Bangalore 560025
www.iigm.in
- Juki India Private Ltd
 1090/I, Ground Floor,
 18th Cross, Sector III,
 HSR Layout,
 Bangalore 560102
www.jukiindia.com
- Brother International (India) Pvt Ltd
 Unit No.408, 215, Atrium B-Wing,
 4th floor, Opp. Sangam Cinema,
 Andheri Kurla Road, Andheri (East),

Mumbai 400093

www.brother.in

14. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year-1	Year-2	Year-3	Year-4	Year-5
1	Capacity utilization	%	60%	70%	80%	90%	100%
2	Sales	₹ in Lacs	221.40	258.30	295.20	332.10	369.00
3	Raw Materials & Other direct inputs	₹ in Lacs	187.28	218.50	249.71	280.92	312.14
4	Gross Margin	₹ in Lacs	34.12	39.80	45.49	51.18	56.86
5	Overheads except interest	₹ in Lacs	38.93	38.93	38.93	38.93	38.93
6	Interest	₹ in Lacs	5.12	5.12	5.12	5.12	5.12
7	Depreciation	₹ in Lacs	6.06	6.06	6.06	6.06	6.06
8	Net Profit before tax	₹ in Lacs	-16.00	-10.31	-4.62	1.06	6.75

The above calculations are based on assumed unit sales price varying from ₹ 425 to ₹ 600 for various products. The key raw material is assumed at a cost range of ₹ 125 to ₹ 225 per meter. Electricity tariff is assumed at ₹ 8 per KWH.

15. BREAK-EVEN ANALYSIS:

The project shall reach cash break-even at 76.28% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales Realization	₹. In Lacs	369.00
2	Variable costs	₹. In Lacs	311.66
3	Fixed costs incl. interest	₹. In Lacs	44.05
4	BEP = $FC/SR-VC \times 100 =$	% of sales	76.82%

16. STATUTORY / GOVERNMENT APPROVALS:

The project does not require any specific government approval. Registration with MSME is optional. An Entrepreneur may be required to obtain Shops & Establishment Registration and Professional Tax registration by local Municipal authorities. Registration under Factories Act, Provident Fund Act and ESI provisions would be required depending upon the number of employees, the location, the level of mechanization and the age of the enterprise. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD OR FORWARD INTEGRATION:

As the machines used in the project are versatile, the Entrepreneur can also consider manufacture of home furnishing articles like bed sheets, pillow covers, wall hangings etc. depending on opportunities in the market he / she is familiar with.

18. TRAINING CENTERS/COURSES

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any

inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.