

COTTON KNITTED FABRIC

1. INTRODUCTION:

Worldwide use of knitted garments is on rise. Knitted garments offer comfort, good fit, attractive colors and huge variety of designs & patterns. These are also cheaper compared to garments made out of woven fabric.

2. PRODUCT & ITS APPLICATION:

Knitted fabric, also known as hosiery fabric is used in manufacture of T-shirts, track pants, shorts, leggings, tops, sportswear, children wear and new born baby wear, etc.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Graduate in any discipline.

4. INDUSTRY OUTLOOK & TRENDS:

Knitted fabric offers more comfort and flexibility in use apart from cost advantage over woven fabric. It is therefore fast becoming fabric of masses leading to massive demand everywhere. The demand is expected to grow with the growing global population.

5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Cost, comfort and fit are the key factors behind success of knitted fabric. Use of such fabric in garments for men, women and children has opened huge market for knitted fabric of various types. Even people using formal clothing during work days prefer to wear knit garments on weekends. Majority of nightwear is made out of knit fabric. There are chances of price

based competition in case of concentration of several knitting factories in the same location. Some entrepreneurs set up very small knitting units comprising of just one or two local make machines and produce limited quantities of fabric. Since they have lesser overheads and almost no tax or legal compliance obligations, they offer competitive prices making it difficult for larger units to capture the market. However, such small units also find it unviable to operate after some years as their overheads go up and they can't invest in quality machines.

6. RAW MATERIAL REQUIREMENTS:

Most knitted fabrics are made out of cotton yarn of count 20s to 40s. However, sometime polyester-cotton or Lycra yarn is also used as per customer specifications. India is one of the leading producers of yarn in the world and all types of yarns are available in all major cities through brokers, yarn traders or directly from spinning mills.

7. MANUFACTURING PROCESS:

Knitting technology can be divided in Flat knitting and Circular knitting. In flat knitting, the fabric produced is in flat or sheet form and used for made up articles like scarves, shawls, sweaters, caps and woollens etc. Circular knitting produces fabric in tube form which is used in under garments, vests, t-shirts, tops etc. Quality of knitted fabric is described by the gauge and grams. Finer yarns produce fabric of light weight. Combed, carded, polyester and lycra yarns give different degrees of smoothness, comfort and stretch to the fabric making it suitable for various applications. Generally grey yarn is used for circular knitting and dyed yarn is used in flat knitting, depending on customer requirements.

8. MANPOWER REQUIREMENT:

The enterprise requires 8 employees as detailed below:

Sr. No.	Designation of Employees	Monthly Salary ₹	Number of employees required				
			Year-1	Year-2	Year-3	Year-4	Year-5
1	Machine Operators	12,000	2	2	2	3	3
2	Helpers	8,000	2	2	2	2	2
3	Production supervisor	15,000	1	1	1	1	1
4	Accounts/Stores Asst.	12,500	1	1	1	1	1
5	Office Boy	9,000	1	1	1	1	1
	Total		7	7	7	8	8

9. IMPLEMENTATION SCHEDULE:

The project can be implemented in 3 months' time as detailed below:

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

10. COST OF PROJECT:

The project shall cost ₹ 83.81 lacs as detailed below:

Sr. No.	Particulars	₹ in Lacs
1	Land	-
2	Building	-
3	Plant & Machinery	76.25
4	Furniture, Electrical Installations	3.30
5	Other Assets including Preliminary / Pre-operative expenses	1.00
6	Margin for Working Capital	3.26
	Total	83.81

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	35.48
2	Bank Finance	48.33
	Total	83.81

12. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 5.08 lacs as detailed below:

Sr. No.	Particulars	Gross Amt.	Margin %	Margin Amt.	Bank Finance
1	Inventories	-	40%	-	-
2	Receivables	3.02	40%	1.21	1.81
3	Overheads	2.05	100%	2.05	-
4	Creditors	-	40%	-	-
	Total	5.08		3.26	1.81

13. LIST OF MACHINERY REQUIRED AND THEIR MANUFACTURERS

A detail of important machinery is given below:

Sr. No.	Particulars	UO M	Qty.	Rate (₹)	Value (₹ in Lacs)
	Plant & Machinery / equipments				
a)	Main Machinery				
i.	Single Jersey Circular Knitting M/c	Nos.	2.00	10,00,000	20.00
ii.	Double Jersey Circular Knitting M/c	Nos.	2.00	15,00,000	30.00
iii.	Flat Bed Knitting Machine	Nos.	1.00	25,00,000	25.00
b)	Ancillary machinery				
i.	Vacuum Cleaner	Nos.	1.00	25,000	0.25
ii.	Trolleys	LS	1.00	1,00,000	1.00
	<i>sub-total Plant & Machinery</i>				76.25

Sr. No.	Particulars	UO M	Qty.	Rate (₹)	Value (₹ in Lacs)
	Furniture / Electrical installations				
a)	Office furniture	LS	1.00	1,00,000	1.00
b)	Stores Amirah	LS	1.00	30,000	0.30
c)	Computer & Printer	Nos.	2.00	1,00,000	2.00
	<i>sub total</i>				3.30
	Other Assets				
a)	Rent Deposits		2.00	50,000	1.00
	<i>sub-total Other Assets</i>				1.00
	Total				80.55

Knitting 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.

- Batliboi Limited
Bharat House, 5th Floor,
104 Bombay Samachar Marg,
Fort, Mumbai – 400 001.
www.batliboi.com
- Voltas Limited
Textile Machinery Division
Sales Headquarters - 3rd Floor
Voltas House,
No. 1413 (Old No.1216),
Trichy Road
Coimbatore 641 018.
www.voltas.com
- RAMANA INTERNATIONAL PVT.LTD
Head Office : B-VI, 186/1, Street No.6,
Madhopuri, Ludhiana-141008,
Punjab, (India)
www.ramanainternational.com

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	24.19	28.22	32.26	36.29	40.32
3	Raw Materials & Other direct inputs	₹. In Lacs	7.11	7.50	7.88	9.71	9.37
4	Gross Margin	₹. In Lacs	17.08	20.73	24.37	26.58	30.95
5	Overheads except interest	₹. In Lacs	12.32	12.32	12.32	12.32	12.32
6	Interest	₹. In Lacs	5.55	5.55	5.55	5.55	5.55
7	Depreciation	₹. In Lacs	5.97	5.97	5.97	5.97	5.97
8	Net Profit before tax	₹. In Lacs	-6.76	-3.11	0.54	2.74	7.11

The above calculations are based on assumed job work charges of ₹ 22 to ₹ 25 per kg for various products. Electricity tariff is assumed at ₹ 8 per KWH.

15. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 57.75% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales at full capacity	₹. In Lacs	40.32
2	Variable costs	₹. In Lacs	9.37
3	Fixed costs incl. interest	₹. In Lacs	17.87
4	$BEP = FC/(SR-VC) \times 100 =$	% of capacity	57.75%

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 capable of producing fabric of varying weight and density, the Entrepreneur can consider job work of several knit fabric users. He can also become a manufacturer himself depending on the availability of funds for working capital and marketing capabilities.

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.

Source:- Udyami Mitra/Sidbi