

KNITTED COTTON GARMENTS

1. INTRODUCTION:

Knit or Hosiery garments offer cheaper, comfortable and smart alternative to woven garments. Most children wear is made from knit fabric these days as it offers flexible fit, comfort and stretch, the characteristics most desired by children. Knit garments come in various designs, patterns, colors and knitting styles thereby giving customers a wide choice of garment. A large collection of colors with multiple shades provide women immense shopping pleasure in choosing exactly matching colors as per their needs.

2. PRODUCT & ITS APPLICATION:

Crew neck T-shirts, Polo T-shirts, Track pants, shirts, sweaters and caps for men, tops, leggings, cardigans, pullovers, skirts, scarves etc. for women, dungarees, shorts, T-shirts, frocks etc. for children and sportswear & woollens for everyone are some examples of knit garments in current use. Almost each and every imaginable garment can be made out of knit fabric.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Graduate in any discipline.

4. INDUSTRY OUTLOOK & TRENDS:

Growing awareness about health and fitness has led to demand for sports-wear. Also, the customer today wants ease of movement and body comfort along with better fit in the garments. These factors have caused huge demand in knit garments and the trend is likely to continue.

5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Looking at variety of uses, the market potential for knit garment can be as large as entire garment industry. Every individual, irrespective of income standard, has some knit garment in his or her wardrobe. Cost and comfort being the main advantages of knit garments, the demand for these products is bound to increase over years.

6. RAW MATERIAL REQUIREMENTS:

Cotton, synthetic and blended fabrics are the main raw materials. Sometimes, dyed yarn is used in knitting woolens. While grey fabric can also be used and ready garments dyed later, one can avoid investment in dyeing plant and buy dyed fabric to focus on designing, stitching and finishing the garments. Printing activity can be outsourced as only some knit garments have prints of various sizes and colors.

7. MANUFACTURING PROCESS:

Colored fabric of various counts and grams per square meters is bought from traders or mill agents. Lumps or rolls of fabric are 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. 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 shall need 39 employees at full capacity, 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	23	33.12
2	Helpers	8,000	12	11.52
	<i>sub-total</i>		35	44.64
	Fixed Staff Costs:			
1	Production Supervisor	25,000	1	3.00
2	Accounts & Commercial Executive	15,000	1	1.80
3	Accounts & Stores Assistant	12,000	1	1.44
4	Office boy	8,000	1	0.96
	<i>sub-total</i>		4	7.20
	Total		39	51.84

9. IMPLEMENTATION SCHEDULE:

The project can be implemented in 3 months as shown 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	2
	Total time required (<i>some activities shall run concurrently</i>)	3

10. COST OF PROJECT:

Detailed cost of project is shown below:

Sr. No.	Particulars	₹ in Lacs
1	Land	-
2	Building	-
3	Plant & Machinery	15.25
4	Furniture, Electrical Installations	3.00
5	Other Assets including Preliminary / Pre-operative expenses	1.50
6	Margin for Working Capital	6.99
	Total	26.74

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	14.89
2	Bank Finance	11.85
	Total	26.74

12. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 12.70 lacs as detailed below:

Sr. No.	Particulars	Gross Amt.	Margin %	Margin Amt.	Bank Finance
1	Inventories	9.26	40%	3.71	5.56
2	Receivables	6.75	40%	2.70	4.05
3	Overheads	3.18	100%	3.18	-
4	Creditors	-6.49	40%	-2.59	-3.89
	Total	12.70		6.99	5.72

13. LIST OF MACHINERY REQUIRED:

An amount of ₹ 19.75 lacs shall be required for various plant, machinery and other assets as detailed below:

Sr. No.	Particulars	UOM	Qty.	Rate (₹)	Value (₹ in Lacs)
	Plan & Machinery / equipments				
a)	Main Machinery				
i.	Single Needle Stitching Machines	Nos.	10.00	60,000	6.00
ii.	Double Needle stitching machines	Nos.	5.00	75,000	3.75
iii.	Overlock machines	Nos.	4.00	40,000	1.60
iv.	Button-hole machines	Nos.	2.00	40,000	0.80
v	Button stitching machine	Nos.	2.00	30,000	0.60
vi.	Fabric Cutting Table	Nos.	1.00	1,00,000	1.00
b)	Ancillary machinery				
i.	Steam Iron	Nos.	3.00	10,000	0.30
ii.	Vacuum cleaner	Nos.	2.00	10,000	0.20
iii.	Material handling equipments	LS	1.00	1,00,000	1.00
	<i>sub-total Plant & Machinery</i>				15.25
	Furniture / Electrical installations				
a)	Electric installations	LS	1.00	1,00,000	1.00
b)	Office & Stores furniture	LS	1.00	1,00,000	1.00
c)	Computers	Nos.	2.00	50,000	1.00
	<i>sub total</i>				3.00
	Other Assets				
a)	Rent Deposits		2.00	75,000	1.50
	<i>sub-total Other Assets</i>				1.50
	Total				19.75

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/l, 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	%	60%	70%	80%	90%	100%
2	Sales	₹ in Lacs	120.04	140.05	160.06	180.06	200.07
3	Raw Materials & Other direct inputs	₹ in Lacs	102.52	119.61	136.70	153.78	170.87
4	Gross Margin	₹ in Lacs	17.52	20.44	23.36	26.28	29.20
5	Overheads except interest	₹ in Lacs	19.05	19.05	19.05	19.05	19.05
6	Interest	₹ in Lacs	2.05	2.05	2.05	2.05	2.05
7	Depreciation	₹ in Lacs	1.45	1.45	1.45	1.45	1.45
8	Net Profit before tax	₹ in Lacs	-5.03	-2.11	0.81	3.73	6.65

The above calculations are based on assumed unit sales price varying from ₹ 150 to ₹ 240 for various products. The key raw material is assumed at ₹ 400 per kg. Electricity tariff is assumed at ₹ 8 per kWh.

15. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 72.25% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales Realization	₹. In Lacs	200.07
2	Variable costs	₹. In Lacs	170.87
3	Fixed costs incl. interest	₹. In Lacs	21.10
4	$BEP = FC/SR-VC \times 100$ =	% of sales	72.25%

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.

Source:- Udyami Mitra/Sidbi