

E-RETAIL OUTLET FOR READY MADE GARMENTS

1. INTRODUCTION

This internet era has brought the market of every possible product online. Ready-Made Garments market has been spread widely across India and world. India is the second largest manufacturer of garments after China. Technological advancement, cheap labour force, high quality designs and updated fashion trends have been key elements in Indian Garment Industry. Now, for tackling larger market share, to achieve sales and reach to larger mass, people need to use Internet services and build a platform for larger profits. E-retail will be such platform for manufacturer, fashion designers which help them to achieve direct sales to customers and to gain more profits. Moreover, properly designed and implemented E-Retail store with necessary functionality will help an entrepreneur to manage inventory, sales, services and after-sales support to customers.

2. SERVICE AND ITS APPLICATION

E-retail outlet can be a single-step solution for customers who want to buy ready-made garments where they can choose products from varied range, pay for it and make it deliver to their home. It can also have an added service for sellers who want to sell their designed garments on this platform and can fetch extra revenue to E-retail Outlet platform service provider. Major applications will be a market platform where buyers and sellers will meet, it will also have various features to manage and control inventory, to analyse future sales and to promote/advertise.

3. DESIRED QUALIFICATION FOR PROMOTER

Desired qualification for this service can have no barrier as such, but computer engineer or background with coding and management can be an added advantage so that it brings down the cost of building project and also make the implementation smoother and it will require less time to build with greater quality.

4. INDUSTRY LOOK OUT AND TRENDS

Finding ways to engage with the customer, offering added services and making the experience as stress-free as possible are big parts of these rental businesses' success. While brick-and-mortar retailers can entice even the most tight-fisted shopper with a visually engaging display, e-commerce-based rental businesses have to find other ways to keep their customers coming back. To that end, Rent the Runway offers options like live chats with stylists and the ability to order a free back-up size. Some rental business start-up offers hassle-free exchanges if an item does not fit.

As with most companies today, social media marketing is one of the most important strategies for rental businesses to grow their customer base. It is the easiest way to give the product intro directly to customer hand.

5. MARKET POTENTIAL AND MARKETING ISSUES. IF ANY

The rise of e-rental outlet over the last 10 years or so has forced retailers to adapt to the changes demanded by consumers. E-rental outlet growth continues to accelerate and outpace growth in the brick-and-mortar channel, and online sales accounted for almost 20% of total US sales this holiday season, based on preliminary estimates.

In addition, department stores have offered discounts and promotions as a key tool to drive demand and bring consumers into stores. Over time, this strategy can dilute a store's brand and leave stores looking picked through. Also, it trains consumers to wait for discounts instead of buying products at full price.

There has been a significant number of store closures in the last few years, and we expect that to accelerate in 2017 and in the following few years. As the department store channel shrinks, and more brands fight for less space, we think brands will need to be more creative, flexible and diversified in their approaches.

One way brands can disrupt the more traditional wholesale channel without taking on the significant real estate risk that comes with opening their own stores is to open pop-up stores. With pop-ups, brands have complete creative control of the brand experience and how their messaging is communicated to consumers. They can tell the story they want to tell and explain in their own voice what the brand stands for.

6. RAW MATERIAL REQUIREMENT

1. Computers, Advanced Software & Technologies and Network Infrastructure
2. Cloud Facility for cloud configuration, Content delivery network, load balancing

7. SERVICE PROCESS OUTLINE

For building of an E-Retail Store which tackles good amount of customers as compared to few physical retail stores, one needs to focus on three major factors:

1. Technologies - on which portal is developed
2. Set of Application features for Admin, Sellers and Customers
3. Operational Requirements for Order Completion

Technologies are rapidly enhancing day by day and selecting latest and efficient technologies is an important task. This will determine future developments in E-Retail Store Platform. Next, it come hosting facility where various cloud based services are in market which can bring down investment in capital.

Application features for admin, customers and sellers need to be designed very accurately, as these will make work of business owners and managers easier and efficient. Also, buyers will get attracted more if interface is designed more user-

friendly. Operational requirements such order tracking, integration of payment gateways, delivery and courier management, task delegation, live notifications will be implemented with more comfortable and efficient interface and back-end so to avoid unnecessary overheads.

8. MANPOWER REQUIREMENT

1. Technical support for Post Development - 2 for managing traffic on portal
2. Managers for admin related work - 1 for managing orders

9. IMPLEMENTATION SCHEDULE

Implementation of this marketplace can be done with two different methods:

1. By employment of web/mobile app developers, who will design, develop and set up a platform
 - a. The number of days/months required to perform task with this way can vary depending upon quality of work & design, level of complexity and features and their customization. Generally for basic work completion, it takes around 10-12 weeks of rigorous work.
2. By subscription of Software as a Service E Commerce Platform readily available with various features
 - a. This takes usually very little time as service provider already has developed standard platform and require little or no customization. Around 3-4 weeks are sufficient for final setup and implementation. This can be most efficient way as it requires little expertise for an entrepreneur in understanding of software technologies.

10. COST OF PROJECT

Sr. No.	Particulars	Amount in Rs
1	Land	₹ 0.00
2	Building	₹ 0.00
3	Portal	₹ 1,75,000.00
4	Equipments/ Vehicle/ Other fixed investment	₹ 2,25,000.00

5	Working Capital Margin (3 Months)	₹ 4,91,400.00
5	Total Cost of Project	₹ 8,91,400.00

(a) FIXED CAPITAL CALCULATION

Sr. No.	Description	Qty	Amount (Rs)	Total (Rs)
1	Building Portal	1	₹ 1,75,000.00	₹ 1,75,000.00
2	Computers - with all necessary hardware and installed Windows and MS Office	5	₹ 27,000.00	₹ 1,35,000.00
3	Network Installation	1	₹ 5,000.00	₹ 5,000.00
4	Office Furniture	1	₹ 85,000.00	₹ 85,000.00
A	Total			₹ 4,00,000.00

(b) WORKING CAPITAL CALCULATION

Sr. No.	Description	Total (Rs)
1	Salary	₹ 1,19,000.00
1a	Entrepreneur/Manager - 1	₹ 20,000.00
1b	Technical/Office Support - 2 @ 12000 Rs per Month	₹ 24,000.00
1c	Marketing Managers/Support - 5 @ 15000 Rs per Month	₹ 75,000.00
2	Raw Material	₹ 22,000.00
2a	Internet Connection Charges	₹ 700.00
2b	Annual Maintenance Charges for Portal by Service Provider	₹ 17,500.00
2c	Payment Gateway (Annual Maintenance Charges	₹ 1,300.00
2d	Google Play Store / Apple Store	₹ 2,500.00
3	Utilities	₹ 3,300.00
3a	Power	₹ 2,000.00
3b	Water	₹ 300.00
3c	Misc.	₹ 1,000.00
4	Other Expenses	₹ 4,500.00
4a	Transportation	₹ 1,000.00
4b	Advertising/Marketing/Social Media	₹ 2,000.00
4c	Stationery	₹ 500.00
4d	Misc.	₹ 1,000.00
5	Rent	₹ 15,000.00
B	Total	₹ 1,63,800.00

11. MEANS OF FINANCES

Sr. No.	Description	%age	Amount (Rs)
---------	-------------	------	-------------

1	Promoter's Contribution	25%	₹ 2,22,850.00
2	Term Loan/Bank Finance	75%	₹ 6,68,550.00
	Total		₹ 8,91,400.00

(a) Cost of Production

Sr. No.	Particulars	Amount in Rs
	Variable Cost	
1	Raw Material and Other Direct Inputs	₹ 26,500.00
2	Salary (60%)	₹ 71,400.00
	Fixed Cost	
3	Power (70%)	₹ 2,310.00
	Variable Cost 1 Month	₹ 1,00,210.00
	Total Annual Variable Cost	₹ 12,02,520.00
	Fixed Cost	
1	Overheads	₹ 15,000.00
2	Salary (40%)	₹ 47,600.00
3	Power (30%)	₹ 990.00
	<i>Sub Total</i>	₹ 63,590.00
	<i>Total for 12 Months</i>	₹ 7,63,080.00
4	Interest	₹ 80,226.00
5	Depreciation	₹ 60,000.00
	Total Fixed Cost	₹ 9,03,306.00
	Total Cost of Production	₹ 21,05,826.00

(b) Turnover

Sr. No.	Description	Margin	Sales	Gross Income
1	Margin on Sales	15 %	₹ 216,00,000.00	₹ 32,40,000.00

Assumption for Turnover: With investment and marketing sales team, there can be sale of 1500 units of garments, considering average price of Rs 1200 per month. So total turnover from portal comes down to Rs 18, 00,000 per month and thus annually turnover equals to Rs 216, 00,000. On category of clothes and apparels, an average 15% of revenue comes to Portal as different fees. These fees are described as below:

Marketplace Fee			
Commission	Fee	(as per	10%

category)	
Collection Fee	2%
Fixed Fee	3%
Total Market Place Fee	15%

12. WORKING CAPITAL REQUIREMENTS

Sr. No.	Description	Total (Rs)
1	Entrepreneur/Manager - 1	₹ 20,000.00
2	Technical/Office Support - 2 @ 12000 Rs per Month	₹ 24,000.00
3	Marketing Managers/Support - 5 @ 15000 Rs per Month	₹ 75,000.00
4	Internet Connection Charges	₹ 700.00
5	Annual Maintenance Charges for Portal by Service Provider	₹ 17,500.00
6	Payment Gateway (Annual Maintenance Charges	₹ 1,300.00
7	Google Play Store / Apple Store	₹ 2,500.00

13. LIST OF MACHINERY REQUIRD

Sr. No.	Description	Qty	Amount (Rs)	Total (Rs)
1	Computers - with all necessary hardware and installed Windows and MS Office	5	₹ 27,000.00	₹ 1,35,000.00
2	Network devices for Installation	1	₹ 5,000.00	₹ 5,000.00

All the machines and equipments are available from local manufacturers. The entrepreneur needs to ensure proper selection of product mix and proper type of machines and tooling to have modern and flexible designs. It may be worthwhile to look at reconditioned imported machines, dies and tooling. Some of the machinery and dies and tooling suppliers are listed here below:

- 1 Impressive Computers
Hasan Ali House No. 4/41-A,
Noor Baug, Umerkhadi,
Mumbai - 400009,
Maharashtra, India
- 2 Computer Planet
Shop No. 1, Shaniwar Peth-53,
Opposite Amruteshwar Mandir,
Amruteshwar Co Operative Housing Society,

Near Shaniwar Wada,
Pune - 411030,
Maharashtra, India

3 Visicube Technologies Private limited
Door No. 1-8-315,
Begumpet, Opposite US Consulate,
Hyderabad - 500016,
Telangana, India

4 Micon Automation Systems Private Limited
A-814, Siddhi Vinayak Towers,
Behind DCP Office, Makarba,
Ahmedabad - 380051,
Gujarat, India

5 Adaptek Automation Technology
No. 13, F- 3, 2nd Floor,
Main Road, Adyar Nehru Nagar,
Near H.D.F.C. Bank A.T.M.,
Chennai - 600020,
Tamil Nadu, India

14. PROFITABILITY CALCULATION

Net Profit ₹ 11,34,174.00
Net profit Margin 35.01%

(a) Profitability Projection

Sr. No.	Particulars	UOM	Year Wise Estimates					At Full Capacity
			Year 1	Year 2	Year 3	Year 4	Year 5	
1	Capacity Utilization	%	30	40	50	60	70	100
2	Sales	Rs	₹ 9.72	₹	₹	₹	₹	₹ 32.40

		Lakhs		12.96	16.20	19.44	22.68	
3	Raw Materials & Other Direct Inputs	Rs Lakhs	₹ 3.61	₹ 4.81	₹ 6.01	₹ 7.22	₹ 8.42	₹ 12.03
4	Gross Margin	Rs Lakhs	₹ 6.11	₹ 8.15	₹ 10.19	₹ 12.22	₹ 14.26	₹ 20.37
5	Overheads Except Interest	Rs Lakhs	₹ 7.63	₹ 7.63	₹ 7.63	₹ 7.63	₹ 7.63	₹ 7.63
6	Interest	Rs Lakhs	₹ 0.80	₹ 0.80	₹ 0.80	₹ 0.80	₹ 0.80	₹ 0.80
7	Depreciation	Rs Lakhs	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60
8	Net Profit Before Tax	Rs Lakhs	-₹ 2.92	-₹ 0.88	₹ 1.15	₹ 3.19	₹ 5.23	₹ 11.34
			-30.05%	-6.81%	7.13%	16.42%	23.06%	35.01%

The basis of profitability calculation:

This unit may have margin of 15% on total sales, this unit have approx 1500 garments sales of 1200 INR cost/unit.

Promoter of this business can charge 10% commission fee, 3% display service fee and 2% collection fee.

Energy Costs are considered at Rs 7 per Kwh and fuel cost is considered at Rs. 65 per liter. The depreciation of plant is taken at 10-12 % and Interest costs are taken at 14 -15 % depending on type of industry.

15. BREAKEVEN ANALYSIS

Sr. No.	Particulars	UOM	Value
1	Sales at Full Capacity	Rs Lakhs	32.40
2	Variable Costs	Rs Lakhs	12.03
3	Fixed Cost incl. Interest	Rs Lakhs	9.03
4	Break Even Capacity	% of	44.33
	BEP = FC/(Sales -Variable Cost) *100	Installed Capacity	

16. STATUTORY / GOVERNMENT APPROVALS

Bureau of Indian Standards (BIS) is operating **Compulsory Registration Scheme (CRS)** for Electronics & IT Goods as per the provision of Chapter IVA of THE BUREAU OF INDIAN STANDARDS RULES, 1987 for the product categories notified by MeitY.

Visit official government website (Bureau of Indian Standards) for notice about products on: <http://crsbis.in/BIS/> Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD AND FORWARD INTEGRATIONS

It is assumed that the unit will be viable at 75% efficiency on single shift basis considering 5 working days or as per demand of area per week.

The rate of interest in the scheme is taken at 11.5 % for both fixed and working capital. Due to liberalization and competition among banks, lower rate of interest is possible in future.

The prices of machinery and equipment are approximate which are ruling locally at the time of preparation of the project. When a tailor-cut project is prepared the necessary changes are to be made at the local level.

The cost of staff and labour is approximate which is ruling locally at the time of preparation of the profile. When a tailor-cut project is prepared the necessary changes are to be made.

18. TRAINING CENTERS AND COURSES

There is no specific course in repairing and assembling services, but the most authorized centre is government authorized "ITI" available in all the cities across the country.

India Training institute of computer technology conducts various technical courses in different cities to enable students to make a bright career. Most of our vocational programs are job-oriented with which students can start earning the day they finish their training or can learn them as a hobby. Students can join for any of these in vacations as all these are short-term certificate courses.

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for hand-holding 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