

# Gents Readymade Garments

PRODUCT CODE	: 264104005
QUALITY AND STANDARDS	: Garment Quality Guide— IS12675 Readymade Garment Packaging for Export IS 4039 Garments Guide for Positioning of Labels IS 10194
PRODUCTION CAPACITY	: Qty. : 90,000 Pcs. Shirts, 90,000 Pcs. Trousers Value : Rs. 4.50 crore
MONTH AND YEAR OF PREPARATION	: March, 1999
PREPARED BY	: Branch Small Industries Service Institute, 151, Patel Road, Coimbatore-641009. (Tamil Nadu)

## INTRODUCTION

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 is 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 gents shirts, gents trousers as they find wide acceptance in local and international markets. Such establishments can be easily set up by any person having the knowledge of cutting and stitching operations.

## 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 have 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 gents readymade garments.

## BASIS AND 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 @ 14% 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 months
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 months

*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 process involves the following steps:

*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 overlock, 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 hydroextracted 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 and Standards

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

### Production Capacity (per annum)

Product	Quantity(pcs.)	Amount (In Rs.)
Gents Shirts	90,000	
Gents Trousers	90,000	
		4,59000,000

### Motive Power

Total 55.5 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 and Building

Land	800sq.mt. @ Rs. 150p.s.m.	
	Amounting Rs.1,20,000	
<b>Building Area</b>		
Factory shed		250 sq. mt.
Store (Raw material)		50 sq. mt.
Store (Finished goods)		50 sq. mt.
Office etc.		25 sq. mt.
Total Covered Area		375 sq. mt.
Total Construction Cost @ Rs. 1,800/sq.mt.		Rs. 6,75,000
Total Investment in Hand and Building		Rs. 795000

#### (ii) Machinery and Equipments

Sl. No.	Description	No.	Rate (In Rs.)	Amount (In Rs.)
1.	Fabric inspection machine	1	1,60,000	1,60,000
2.	8" Power driven cloth cutting machine	1	70,000	70,000
3.	Single needle lock stitch machine with motor	50	20,000	10,00,000
4.	2 Needle overlock safety stitching machine with edge trimmer	1	50,000	50,000

Sl. No.	Description	No.	Rate (In Rs.)	Amount (In Rs.)
5.	Double Needle lock stitch machine	2	75,000	1,50,000
6.	Double Needle feed of the arm machine	1	100,000	1,00,000
7.	Button holing machine	1	1,45,000	1,45,000
8.	Button stitching machine	1	75,000	75,000
9.	Hot fusing press	1	65,000	65,000
10.	Garment washing machine 25 kg. capacity	1	1,45,000	1,45,000
11.	Hydroextractor 25 kg. capacity	1	70,000	70,000
12.	Tumbler dryer 25 kg. capacity	1	1,40,000	1,40,000
13.	Flat bed steam iron press with vacuum table	4	75,000	3,00,000
14.	Zig zag embroidery machine	1	45,000	45,000
15.	Generator set 30KVA	1	1,00,000	1,00,000
16.	Washing room trolleys	4	10,000	40,000
17.	Testing equipments (ends/pick checker, electronic balance, laundrometer etc.)	LS	55,000	55,000
Total				25,50,000

**(iii) Other Fixed Assets (Rs.)**

(a)	Erection and installation	2,61,500
(b)	Office furniture	40,000
(c)	Pre-operative expenses	30,000
Total		3,31,500
Total Fixed Capital		28,81,500

**B. Working Capital (per month)****(i) Staff and Labour Wages**

Sl. No.	Designation	No.	Rate (In Rs.)	Amount (In Rs.)
1.	Marketing Manager	1	10,000	10,000
2.	Sales Representative	2	6,000	12,000
3.	Accounts Officer	1	5,000	5,000

Sl. No.	Designation	No.	Rate (In Rs.)	Amount (In Rs.)
4.	Store-keeper	1	4000	4000
5.	Clerk/Typist	2	3,000	6,000
6.	Electrician	1	3,000	3,000
7.	Peons/Watchman	2	2500	5000
Total				45,000
<i>Production Staff</i>				
1.	Production Manager	1	10,000	10,000
2.	Supervisors	2	5000	10,000
3.	Cutting Master	1	8000	8000
4.	Skilled Workers	55	3,500	192500
5.	Pressman	4	2,500	10,000
6.	Unskilled workers	6	2250	13500
7.	Lab. Attendant	1	4500	4500
Total				2,48,500
<i>Perquisites @20%</i>				58,700
G.Total				3,52,200

**(ii) Raw Material (per month)**

Sl. No.	Description	Qty.	Rate/ Unit(Rs.)	Amount (In Rs.)
1.	Cotton fabric shirts	19000 (mtrs.)	60	11,40,000
2.	Blended fabric for trousers	12000 (mtrs.)	125	15,00,000
3.	Trims and embellishments	15000 (Nos.)	12	1,80,000
4.	Sewing thread	15000 (mtrs.)	3	45,000
5.	Washing detergents		LS	3,000
6.	Packing material	15000 (Nos.)	3	45,000
Total				29,13,000

**(iii) Utilities (per month) (Rs.)**

Electricity	25,000
Water Charges	2,000
Fuel for generator	5,000
Total	32,000

**(iv) Other Contingent Expenses (per month) (Rs.)**

(a) Advertisement and publicity	3,000
(b) Postage/Stationery	1,000
(c) Repair and maintenance	10,896
(d) Transport/travelling charges	3,000
(e) Insurance	1,000
(f) Telephone	2,000
(g) Miscellaneous expenses	2,000
Total	22,896

(v) Total Recurring Expenses Rs. 33,20,096  
(per month)

(vi) Total Working Capital for 3 months Rs. 99,60,288

**C. Total Capital Investment**

(i) Land and building	Rs. 7,95,000
(ii) Machinery and equipment	Rs. 28,81,500
(iii) Working capital for 3 months	Rs. 99,60,288
Total	Rs. 1,36,36,788

**MACHINERY UTILISATION**

Capacity utilisation is considered as 75% of installed capacity.

**FINANCIAL ANALYSIS****(1) Cost of Production (per year) (Rs.)**

Recurring expenses	3,98,41,150
Depreciation on building @ 5%	33,750
Depreciation on machinery @ 10%	2,61,500
Depreciation on office furniture and other fixed assets @ 20%	19,000
Interest on total investment @ 14%	19,09,150
Total	42,06,4550

**(2) Turnover (per year) (Sales)**

	Pcs.	Rate/Pc.	Amount(Rs.)
Gents shirts	90000	210	1,89,00,000
Gents trousers	90000	300	2,70,00,000
Total			4,59,00,000

(3) Net Profit (per year) Rs. 38,35,450

(4) Net Profit Ratio (Net profit/Turnover per year) 8.30%

(5) Rate of Return on Investment (Net Profit/Total Capital Investment) 28%

**(6) Break-even Point**

Fixed Cost	(Rs.)
Depreciation	314250
Interest on capital investment	19,09150
40% of wages of staff and labour	16,90,560
40% of other expenses	105100
Insurance	12,000
Total	40,31,060

$$\begin{aligned} \text{B.E.P.} &= \frac{\text{FC} \times 100}{\text{FC} + \text{profit}} \\ &= \frac{4031060 \times 100}{4031060 + 383545} \\ &= 51\% \end{aligned}$$

**Addresses of Machinery and Equipment Suppliers**

1. M/s. Paras Special Machine Co. Madhopur Kucha No. 7, Rohan Road, Ludhiana.
2. M/s. Vijay Sewing (P) Ltd. 17-D, Everest House, 46-C, Chowringhee Road, Kolkata.
3. M/s. Industrial Machines Pvt. Ltd. 1/23 B, Asaf Ali Road, New Delhi-2
4. M/s. Apparel and leather Techniques Pvt. Ltd. Kaikondanahalli, Sarjapur Road, Near Bellaandur Gate, Bangalore-35.
5. M/s. Industrial Sewing Systems 30, Ramakrishna Street, North Usman Road, T. Nagar, Chennai.

**Raw Material Suppliers**

1. M/s. Vardhman Threads Mahavir Spinning Mills Ltd. Chandigarh Road, Ludhiana-141001.
2. M/s. Powerloom Cloth Manufacturing Centre Erode, Bhiwandi, Mumbai, Surat etc.