

READYMADE GARMENTS MANUFACTURING

1. INTRODUCTION

The business of ready made garments is increasing day by day due to changes of fashions in human life. The business is not only in India, there is a big export market. In the RMG sector Jean pants is showing good growth in local and export market. There are number of branded Ready made garments manufacturing Units in India. Even though the small scale units also surviving in the country because of varieties. Besides being one of the favourite attire, jeans have also gained popularity as a casual wear too. These days several companies are into the business of making jeans pants and also supplementary items like buttons, zips etc..

2. MARKET

The demand for RMG is increasing at around 18-20 % annually in the country. The popularity of jean pants is good among youth and fashion conscious public. The domestic market and the export market are growing rapidly and the unit for manufacturing can be run quite successfully if they can tap the market giving good price and quality.

3. MANUFACTURING PROCESS

The manufacturing process depends on skills of the workers. Required cloth to be cut in to required sizes and design as per the measurements of the latest designs. Then the required lining, button stitching, zip etc. are added to the semi finished fabric and finished garments is ready for packing and marketing.

4. PRODUCTION CAPACITY PER ANNUM

Capacity

7200 Pairs per
annum

Selling Price

Rs. 205 Per pair

5. PROJECT COST/CAPITAL INVESTMENT

| S.No | Description | Amount Rs. |
|------|---------------------------------|------------|
| 1 | Preliminary & Preoperative Exps | 2000 |
| 2 | Fixed Capital | 44400 |
| 3 | Working Capital for 1 month(s) | 116700 |
| | Total Project Cost | 163100 |

6. MEANS OF FINANCE

| S.No | Description | %age | Amount Rs. |
|------|-----------------------|------|------------|
| 1 | Promoter Contribution | 15% | 24465 |
| 2 | Subsidy | 20% | 32620 |
| 3 | Term Loan | 65% | 106015 |
| | Total | | 163100 |

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings Rented 2000 per month

ii. Machinery and Equipment

| S.No | Description | Qty. | Rate | Amount Rs. |
|------|----------------------|------|------|------------|
| 1 | Sewing machine | 4 | 3500 | 14000 |
| 2 | Embroidery machine | 1 | 6000 | 6000 |
| 3 | Zig zag machine | 1 | 8000 | 8000 |
| 4 | Other accessories | 1 | 5000 | 5000 |
| 5 | Iron box, stools etc | 1 | 5000 | 5000 |
| 6 | Electrification | 1 | 3000 | 3000 |
| 7 | Wooden racks | 1 | 3400 | 3400 |
| | Total | | | 44400 |

B. WORKING CAPITAL

i. Salaries & Wages (per month)

| S.No | Description | Nos. | Sal/mon. | Amount Rs. |
|------|-------------------------|------|----------|------------|
| 1 | Supervisor/Entrepreneur | 1 | 2500 | 2500 |
| 2 | Skilled | 3 | 2000 | 6000 |
| 3 | Unskilled | 2 | 1500 | 3000 |
| | Total | | | 11500 |

ii. Raw Material (per month)

| S.No | Description | Unit | Qty. | Rate | Amount Rs. |
|------|---------------------|------|------|------|------------|
| 1 | Cloth | Mtrs | 600 | 150 | 90000 |
| 2 | Buttons, Thread etc | Lum | 1 | 6000 | 6000 |
| 3 | Color cloth | Lum | 1 | 3000 | 3000 |
| | Total | | | | 99000 |

iii. Utilities (per month)

| S.No | Description | Unit | Amount Rs. |
|------|-------------|------|------------|
| 1 | Power | LS | 500 |
| 2 | Water | LS | 200 |
| | Total | | 700 |

iv. Other Expenses (per month)

| S.No | Description | Amount Rs. |
|------|-------------------------|------------|
| 2 | Transportation Expenses | 1000 |
| 4 | Consumable Stores | 500 |
| 5 | Miscellaneous Expenses | 2000 |
| | Total | 3500 |

v. Total Working Capital (per month)

| S.No | Description | Amount Rs. |
|------|--------------------|------------|
| 1 | Rent | 2000 |
| 2 | Salaries and Wages | 11500 |
| 3 | Raw Material | 99000 |
| 4 | Utilities | 700 |
| 5 | Other Expenses | 3500 |
| | Total | 116700 |

8. COST OF PRODUCTION (PER ANNUM)

| S.No | Description | Amount Rs. |
|------|-----------------------|------------|
| 1 | Total Working Capital | 1400400 |
| 2 | Depreciation @ 15% | 6660 |
| 3 | Interest @ 12% | 12722 |
| | Total | 1419782 |

9. TURNOVER (PER YEAR)

| S.No | Description | Unit | Qty. | Rate Rs. | Amount Rs. |
|------|-------------|---------------|------|----------|------------|
| 1 | | Pairs per ann | 7200 | 205 | 1476000 |
| | Total | | | | 1476000 |

10. FIXED COST (PER YEAR)

| S.No | Description | Amount Rs. |
|------|--------------------------------------|------------|
| 1 | Depreciation | 6660 |
| 2 | Interest | 12722 |
| 3 | Rent | 24000 |
| 4 | Salaries & Wages @ 40% | 55200 |
| 5 | Other Expenses incl. Utilities @ 40% | 20160 |
| | Total | 118742 |

11. PROFIT ANALYSIS & RATIOS

| | | | |
|---|------------------------------------|-----|-------|
| 1 | Net Profit | Rs. | 56218 |
| 2 | Percentage of Profit on Sales | | 4% |
| 3 | Percentage of Return on Investment | | 34% |
| 4 | Break Even Point | | 68% |