

Profile No.: 11

NIC Code:

BABY GARMENTS

1. INTRODUCTION:

Gone are the days when parents used to wrap babies in cotton sheets or old / used dupatta. With growing awareness and ambitions, the parents are more than willing to spend a large part of their income & saving on needs of their children. Since arrival of a new baby is a big occasion in the family, the parents and relatives happily spend more and more to pamper the babies.

2. PRODUCT & ITS APPLICATION:

Baby garments like frocks, T-shirts, Vests, under-wears and articles like face napkins, baby towels and baby blankets are used for clothing and hygiene requirements of new born babies. While there are some gender specific products like frocks or shirts, many textile products for children are gender neutral like blankets, towels, vests, underwear etc.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Graduate in any discipline.

4. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Going by current population, birth rate of 19 per 1000 and average births of 2.43 per women in India, the market for baby garments is huge. Almost all cities and towns are well populated leading to decent demand for these products all over the country.

5. RAW MATERIAL REQUIREMENTS:

The main raw material required for baby garment is cotton fabric. While some baby garments can also be made from polyester or blended fabrics, the parents avoid using such products as baby's skin is generally allergic to man-made fibers and its use may cause rashes or irritation leading to discomfort or disruption in sleep cycles. Even baby blankets and towels are made from cotton knit fabric for the same reason. Cotton knit and woven fabric is available in every major city through fabric dealers or textile mills.

6. MANUFACTURING PROCESS:

The fabric purchased in roll form is spread in layers on the cutting table. Patterns of various parts of the garment made out of card board or plywood or metal are laid on the fabric in such a way that wastage of fabric is minimized. Several layers of fabric are then cut through vertical motorized blade. Garments are stitched in assembly line manner wherein each machine operator completes only a part of the product. The stitching starts on the 1st machine and gets completed at the last stage where the product is inspected for quality defects if any. Garments are then cleaned of loose yarn or dirt and packed in plastic bags as per customer requirements.

7. MANPOWER REQUIREMENT:

The enterprise shall need 34 employees as detailed below:

Sr. No.	Designation of Employees	Monthly Salary ₹	Number of employees required	Annual cost ₹. in lacs
	Variable Labor / Workers:			
1	Machine Operators	12,000	20	28.80
2	Helpers	8,000	10	9.60
	Fixed Staff Costs:			
1	Production supervisor	25,000	1	3.00

2	Accounts Executive	15,000	1	1.80
3	Stores Assistant	12,000	1	1.44
4	Office Boy	8,000	1	0.96
	Total		34	45.60

8. IMPLEMENTATION SCHEDULE:

The project can be implemented in 3 months as shown below:

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1.00
2	Construction (if applicable)	-
3	Procurement & installation of Plant & Machinery	2.00
4	Arrangement of Finance	2.00
5	Recruitment of required manpower	2.00
	Total time required <i>(some activities shall run concurrently)</i>	3.00

9. COST OF PROJECT:

Detailed cost of project is shown below:

Sr. No.	Particulars	₹ in Lacs
1	Land	-
2	Building	-
3	Plant & Machinery	11.65
4	Furniture, Electrical Installations	5.00
5	Other Assets including Preliminary / Pre-operative expenses	1.50
6	Margin for Working Capital	5.53
	Total	23.68

10. 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	12.78
2	Bank Finance	10.89
	Total	23.68

11. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 9.17 lacs as detailed below:

Sr. No.	Particulars	Gross Amt.	Margin %	Margin Amt.	Bank Finance
1	Inventories	8.59	40%	3.43	5.15
2	Receivables	3.50	40%	1.40	2.10
3	Overheads	3.10	100%	3.10	-
4	Creditors	-6.01	40%	-2.40	-3.61
	Total	9.17		5.53	3.65

12. LIST OF MACHINERY REQUIRED:

Sr. No.	Particulars	UOM	Qty.	Rate (₹)	Value(₹ in Lacs)
	Plan & Machinery / equipments				
	Main Machinery				
i.	Single Needle Machine	Nos	6.00	60,000	3.60
ii.	Double Needle Machine	Nos	3.00	75,000	2.25
iii.	Border/Piping machine	Nos	3.00	50,000	1.50

Sr. No.	Particulars	UOM	Qty.		Rate (₹)
iv.	Over-lock Machine	Nos	4.00	40,000	1.60
v	Cutting Table & machine	Nos	2.00	1,00,000	2.00
vi.	Button Hole Machine	Nos	1.00	40,000	0.40
vii	Button Stitching Machine	Nos	1.00	30,000	0.30
	<i>sub-total Plant & Machinery</i>				11.65
	Furniture / Electrical installations				
a)	Inspection tables	Nos	2.00	25,000	0.50
b)	Office & Store furniture	LS	1.00	1,50,000	1.50
c)	Desktop computer & printer	Nos	2.00	50,000	1.00
d)	Storage system	LS	1.00	2,00,000	2.00
	<i>sub total</i>				5.00
	Other Assets				
a)	Rent Deposits		2.00	75,000	1.50
	<i>sub-total Other Assets</i>				1.50
	Total				18.15

13. 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	113.82	132.79	151.76	170.73	189.70
3	Raw Materials & Other direct inputs	₹ in Lacs	93.38	108.94	124.50	140.06	155.63
4	Gross Margin	₹ in Lacs	20.44	23.85	27.26	30.67	34.07
5	Overheads except interest	₹ in Lacs	18.58	18.58	18.58	18.58	18.58
6	Interest	₹ in Lacs	1.67	1.67	1.67	1.67	1.67
7	Depreciation	₹ in Lacs	1.33	1.33	1.33	1.33	1.33
8	Net Profit before tax	₹ in Lacs	-1.14	2.27	5.68	9.08	12.49

14. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 59.43% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales Realization	₹. In Lacs	189.70
2	Variable costs	₹. In Lacs	155.63
3	Fixed costs incl. interest	₹. In Lacs	20.25
4	$BEP = FC/SR-VC \times 100 =$	% of sales	59.43%