

Cotton Lycra (Spandex) Knitted Wears

PRODUCT CODE	:	There is no specific Code No. for this product but the Code No. 260399000 may be referred, which is for the item of other synthetic knitwears.
QUALITY AND STANDARDS	:	There is no specific BIS specification for this product. However the product may be manufactured as per requirements of the market.
MONTH AND YEAR OF PREPARATION	:	May, 2003
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INTRODUCTION

This project is for manufacturing of Cotton Lycra knitted wears, such as swim wears, slacks, sportswear and other fashioned wears etc. Spandex (Lycra) is recognised as a natural fibre providing superior fit with no complicated tailoring. With the change in the clotting habits will certainly induce many knitting units to switch over to this type of fabric to manufacture high value fashion garments. Spandex fibre is already very popular in the West because of its elastomatic properties specially for sportswear's. The content ratio of Lycra yarn used with the cotton yarn varies from 5% to 10%.

In this scheme guideline for manufacturing of cotton Lycra knitted wears is given.

MARKET POTENTIAL

Hosiery industry is an ancient industry in the field of textiles and having very good market within India and also in the export market. The garment sector alone has a big share in the India's total export. But this is not to say that the inherent potential has been tapped to the full. India's garment exports to the world market amount to just 2% of the total garment business, besides the large demand by developed and south East Asian countries, Gulf countries have a large demand too. So far the unit manufacturing cotton knitted garments or coming up units having prospective future.

BASIS AND PRESUMPTIONS

1. The Project Profile has been prepared on the basis of single shift of 8 hours each day, 25 days in a month and at 75% efficiency.
2. It is presumed that in the 1st year, the capacity utilisation will be 60% followed by 70% in the next year and 80% in the subsequent years.
3. The rates quoted in respect of salaries and wages for skilled workers and others are the minimum rates in the State/ Neighbouring States.
4. Interest rate for fixed and working capital has been taken @ 14% of an average, whether financed by bankers or by Financial Corporation.
5. Margin money required is minimum 30% of the project investment.
6. The rental value of the Workshed and other built up/covered area has been taken at the rate of Rs. 20.00 per square meter.
7. Pay back period of the project is three years after initial gestation period of one and half year.
8. The rates quoted in respect of machines. Equipment and raw materials are those prevailing at the time of preparation of this Project Profile and are likely to vary from supplier to supplier and place to place. When a tailor made project profile is prepared necessary changes are to be made.

IMPLEMENTATION SCHEDULE

<i>Sl.No.</i>	<i>Activity</i>	<i>Period</i>
1.	Preparation of Project Report	
	a) Calling quotations	1 Month
	b) Preparation	2 Weeks
2.	Provisional Registration as SSI	1 week
3.	Financial Arrangement	3 Months
4.	Purchase and procurement of machines and equipments	2 Months
5.	Installation of Machines	1 month
6.	Electrification	1 month
7.	Recruitment of Staff and Workers.	1 month

TECHNICAL ASPECTS

Process of Manufacture

- i) Dyed/Bleached cotton knitted fabric with Lycra procure from the market.
- ii) Fabric is inspected by laying the fabric on the inspection table against light before cutting so that if any knitting fault or unevenness in the colour, which is visible in that may be marked.
- iii) Cutting is done on the cutting table by laying the fabric in layers.
- iv) Stitching is done on different machines as per requirement such as overlocking, flatlock, folding etc.
- v) Final checking is done before pressing and packing on the checking table.
- vi) Finally pieces are pressed and packed in the desirous packing.

Quality Control and Standards

For quality product, inspect the garment for neatness, shape and cleanness finish. Look for oil stains, needle marks, yarn slubs, dropped stitches inaccurate seaming, uneven dyeing, holes, cuts etc. Proper care must be taken at the time of selection of fabric, it must be of fine quality. The other required quality control measures are to be taken during production.

Production Capacity (per annum)

Item	Qty.	Value (Rs.)
Cotton Lycra knitted garments	22500 doz.	1,13,40,000

Motive Power 10 H.P.

Pollution Control

As this industry does not involve any pollution as such, no pollution control measures are required.

Energy Conservation

As the power requirement is small proper house keeping can save it.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building

Building-Rented = 300 Sq. Mtrs. The building is considered rental with monthly rent of Rs. 6000 per month @ Rs. 20per Sq. Mtr.

(ii) Machinery and Equipments

Sl. No.	Description	Qty.	Amount (In Rs.)
1.	High speed overlock (four thread) machine with motor and stand (power 3 H.P.) (Imported)	5	2,25,000
2.	Flat folding machine with stand and table (total power 3 H.P.) (imported)	3	1,80,000

Sl. No.	Description	Qty.	Amount (In Rs.)
3.	Straight knife cutting machine (Power 1/2 H.P.) (Indian)	1	40,000
4.	Rib cutting machine with motor stand (1/2 H.P.) (Indian)	1	5,000
5.	Sewing machine with motor stand (1 H.P.) (Indian)	2	10,000
6.	Scissors Press measuring instrument and other misc. items.	LS	10,000
7.	Laboratory equipment such as weighing balance magnifying glass, micror-scope and other testing equipment and chemicals.	LS	10,000
	Erection and electrification charges @ 10%		48,000
	Cost of office equipment, including Almira, office furniture, type writer, etc.		25,000
	(iii) Pre-operative Expenses		7,000
	Total		5,60,000

B. Working Capital (per month)

(i) Personnel

Sl. No.	Designation.	No.	Salary	Amount (In Rs.)
1.	Supervisor/Manager	1	5,000	5,000
2.	Accountant (Part Time)	1	1,000	1,000
3.	Clerk/Store keeper	1	3,000	3,000
4.	Peon-cum-Chowkidar	2	2,250	4,500
5.	Skilled Workers	10	3,000	30,000
6.	Unskilled Worker	5	2,250	11,250
	Total			54,750
	Add Per-quisites @ 10% of salary			5,475
	Total			60,225
	Say			60,000

(ii) Raw Material Requirements (per month)

Particulars	Qty. (per kg.)	Rate (In Rs.)	Amount (In Rs.)
Dyed/bleached knitted clothes for garments (40 ^s cotton 90% and 40 denier Lycra 10%)	2,800	200	5,60,000
Elastic, Zips, Hooks, Buttons, Sticker etc.	LS	LS	1,12,500

Particulars	Qty. (per kg.)	Rate (In Rs.)	Amount (In Rs.)
Sewing Thread	LS	LS	5,000
Labels, Size lable, polythene bags, mill board boxes etc.	LS	LS	50,000
	Total		7,27,500

(iii) Utilities (per month)	(Rs.)
Power, Water charges	5,000

(iv) Other Contingent Expenses (per month)	(Rs.)
1. Rent of building	6,000
2. Repair and Maintenance	1,000
3. Consumables Stores	1,000
4. Stationery/Postage	500
5. Transportation Charges	5,000
6. Advertisement and Publicity	5,000
7. Insurance taxes telephone bills etc.	1,500
Total	20,000

(v) Total Recurring Expenses (per month)	(Rs.)
1. Raw Material	7,27,500
2. Personnel	60,000
3. Utilities	5,000
4. Other contingent expenses	20,000
Total	8,12,500

(iv) Working Capital for 3 months
 $8,12,500 \times 3 = 24,37,500$

C. Total Capital Investment

1. Fixed Capital	Rs. 5,60,000
2. Working capital for 3 Months	Rs. 24,37,500
Total	Rs. 29,97,500
Say	Rs. 29,98,000

MACHINERY UTILISATION

75% machinery utilisation is considered for achieving the projected target.

FINANCIAL ANALYSIS

(1) Cost of Production (per year)	(Rs.)
1. Total recurring cost	97,50,000
2. Depreciation on machinery and equipments @ 10%	52,800

3. Interest on total investment @ 14%	4,19,720
4. Depreciation on office furniture fixtures @ 20%	5,000
Total	1,02,27,520

(2) Turnover (per year)

Item	Qty.	Rate (Rs.)	Value (Rs.)
Cotton Lycra Knitted 1,13,40,000 Garments(such as slacks, swimwear, tides)	22,500 Dozs.	504	

(3) Net Profit (per year) (Before Income Tax)

$$\begin{aligned} \text{Profit} &= \text{Sale} - \text{Production Cost} \\ &= \text{Rs. } 1,13,40,000 - 1,02,27,520 \\ &= \text{Rs. } 11,12,480 \end{aligned}$$

(4) Net Profit Ratio

$$\begin{aligned} &= \frac{\text{Net Profit} \times 100}{\text{Turn over per year}} \\ &= \frac{11,12,480 \times 100}{1,13,40,000} \\ &= 10\% \end{aligned}$$

(5) Rate of Return

$$\begin{aligned} &= \frac{\text{Net Profit} \times 100}{\text{Total Investment}} \\ &= \frac{11,12,480 \times 100}{29,98,000} \\ &= \frac{19,44,200 \times 100}{49,25,000} \\ &= 37\% \end{aligned}$$

(6) Break-even Point (% of Total Production Envisaged)

Fixed Cost (per year)	(Rs.)
a. Total Depreciation	57,800
b. Rent	72,000
c. Total interest	4,19,720
d. 40% of salary and wages.	2,88,000
e. 40% of other contingent expenses	67,200
Total	9,04,720
Say	11,12,480

$$\begin{aligned}
 \text{B.E.P.} &= \frac{\text{Fixed Cost} \times 100}{\text{Fixed cost} + \text{Profit}} \\
 &= \frac{9,04,720 \times 100}{90,4,720 + 11,12,480} \\
 &= 45\%
 \end{aligned}$$

Addresses of Machinery and Equipment Suppliers

1. M/s. Akal Mechanical Works
Gali Vakilla,
Purana Bazar, Ludhiana.
2. M/s. Swaroop Mechanical Works
Overlock Building,
Overlock Road, Ludhiana.
3. M/s. Vijay Sewing Pvt. Ltd.
17-D, Everest House,
Chaurangi Road, Kolkata.
4. M/s. Rita Mechanical Works Pvt. Ltd.
416, Industrial Area-A, Ludhiana.

For imported machines Local suppliers may be contacted

Knitted Fabric

1. M/s. Mayfair Fabric
90-Industrial Area-A,
Ludhiana.

2. M/s. Superfine Knitters Ltd.
269, Industrial Area,
Ludhiana.
3. M/s. Sharmanji Fabric
Bhadur Ke Road,
Near Dana Mandi,
Ludhiana.

Sewing Thread/Elastic Tapes

1. M/s. Vardhman Spinning and
General Mills Ltd.
Chandigarh Road,
Ludhiana.
2. M/s. Coats India Ltd.
144, M.G. Road,
Bangalore.
3. M/s. Modi Threads Ltd.
Modi Nagar,
Uttar Pardesh.
4. M/s. D.P. Elastics
3784, Nai Basti,
Pahadi Dheeraj, Delhi.
5. M/s. Techno-Elastics
877, East Park Road,
Karol Bagh, New Delhi.
6. M/s. M.D.R. Tapes Pvt. Ltd.
120, Pocket E-15,
Sector-8, Rohini,
New Delhi.