



KIDS READYMADE GARMENTS

Introduction

Clothing for youngsters who have not yet reached their full height is known as children's clothing or kids' clothing. Children's attire is frequently more informal than adult wear, making it suitable for both play and relaxation. Children's clothing comes in a wide range of styles, including children's fashion clothes, children's nightwear, children's readymade garments, children's rompers, children's shirts, children's knitted wear, children's winter clothing, children's summer clothing, and organic clothing.

However, in recent years, a lot of children's clothing has been greatly influenced by adult fashion trends. Some parents place a premium on high-quality, well-designed clothing for their children, and children's apparel is becoming more prominent in top-label stores and high-end fashion retail outlets. Dresses for boys and girls are being designed independently from a young age.

Market Potential

India is a major contributor to the worldwide garment-retail business, and it is also becoming a hub for children's clothes and fashion stores. The enormous population of India is a major driver of the Indian kids' apparel business. The kids' apparel market is divided into two categories: boys' wear and girls' wear, and it serves to children aged 0 to 14. The boys-wear sector in India now has the majority of the market share. The girls' clothing segment, on the other hand, is experiencing substantial growth, with a progressive shift in tastes as a result of changing trends. Traditionally, the girls-wear segment was inclined towards ethnic and cultural clothing, but it is also shifting towards more contemporary and comfortable garments.

The Indian Kids Wear Market was valued USD 16.62 Billion in FY2020 and is forecast to grow at CAGR of 5.89% through FY2026 to reach USD 22.53 Billion by FY2026.

Assumptions

1. For SME unit having yearly turnover of 500 lakhs, the Nayak Committee recommendation has been implemented by all the banks. Hence, we have worked out the funding requirement accordingly.
2. Sales of such trading units is majorly impacted by the selection of business location. The entrepreneur should examine all business aspects while selecting this location. Normally, kids readymade garment unit is established in a prevalent market area. Thus, we have assumed that the unit has been set up in a market area.
3. The shop premises of this unit is taken on lease. 500 sq. ft. is the proposed area which shall be spacious for stock display and stock-keeping.
4. Computation of Closing Stock is done on the basis of Working Capital cycle which is assumed to be of 3 months.
5. DSCR is high because of the term loan component is lesser than working capital requirement. We have not considered repayment for working capital and it is running on a continuous basis.

Cost of Project

Particulars	Amount (Rs. in Lakhs)
Premises (Lease)	-
Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc. (500 sq. ft. @ Rs. 800 per sq. ft.) (Shop Premises)	4.00
Equipment	0.13
Furniture and Fixtures	0.10
Electrical Equipment	1.36
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.20
Inverter (10 kv office inverter)	0.30
Preliminary & Preoperative Expenses	1.00
Sub-total (A)	7.59
Working Capital Margin @ 25% of Total WC Requirement	7.50
Total Project Cost	15.09
Total Working Capital Required (Lump sum) (B)	30.00
MEANS OF FINANCE	
Total Funds Required (A+B)	37.59
<u>Loan Component-</u>	
TERM LOAN (75% of A)	5.69
WORKING CAPITAL (75% of B)	22.50
Total	28.19
Equity	9.40
Total	37.59

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
	Equipment			
1	Demo Models	5	2500	0.13
	Total			0.13
	Electrical Equipment			
1	AC	2	50000	1.00
2	CCTV	LS	LS	0.20
3	Fan	LS	LS	0.06
4	Light	LS	LS	0.10
	Total			1.36
	Furniture and Fixtures			
1	Chairs	LS	LS	0.10
	Total			0.10

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary (1 months)	0.32
Rent Expenses (1 months; Rs. 30/sq. ft.)	0.15
Interest Cost for Both Term Loan And CC (period before commercial production)	0.04
Total	1.01

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Cashier	1	0.96
Staff	4	4.80

Profitability Statement

Amount (Rs. in lakhs)					
Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Total Working Days in a Year	300	300	300	300	300
Estimated Sales per Day	0.40	0.44	0.48	0.53	0.59
Annual Sales	120	132	145	160	176
Total income during the year	120.00	132.00	145.20	159.72	175.69
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (70% of Sales)	84.00	92.40	101.64	111.80	122.98
Salary	5.76	6.05	6.35	6.67	7.00
Rent	3.60	3.78	3.97	4.17	4.38
Power & utilities	3.00	3.06	3.12	3.18	3.25
Depreciation and Amortization	0.74	0.74	0.74	0.57	0.57
Administrative and General Expenses	2.40	2.64	2.90	3.19	3.51
Total Operating Expenses	99.50	108.67	118.73	129.58	141.69
Operating Profit (A-B)	20.50	23.33	26.47	30.14	34.00
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.44	0.34	0.25	0.15	0.05
Interest on WC Loan	1.91	1.91	1.91	1.91	1.91
Total Expenses	2.35	2.26	2.16	2.06	1.96
Net Profit Before Tax	18.14	21.07	24.31	28.07	32.03
Provision for Tax	4.54	5.27	6.08	7.02	8.01
Profit after Tax (PAT)	13.61	15.81	18.24	21.06	24.03

Breakeven Point

Break Even Point (BEP)		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	120.00	132.00	145.20	159.72	175.69
B.	Variable Cost					
	Stock Consumed	84.00	92.40	101.64	111.80	122.98
	Power and Utility	3.00	3.06	3.12	3.18	3.25
	Total Variable Cost	87.00	95.46	104.76	114.99	126.23
C.	Contribution (A-B)	33.00	36.54	40.44	44.73	49.46
D.	Fixed cost					
	Salary	5.76	6.05	6.35	6.67	7.00
	Rent Expenses	3.60	3.78	3.97	4.17	4.38
	Interest on Term Loan	0.44	0.34	0.25	0.15	0.05
	Interest on WC Loan	1.91	1.91	1.91	1.91	1.91
	Depreciation and Amortization	0.74	0.754	0.74	0.57	0.57
	Total Fixed Cost	12.45	12.82	13.22	13.46	13.91
E.	Breakeven Point	38%	35%	33%	30%	28%
F.	Cash BEP	35%	33%	31%	29%	27%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	13.61	15.80	18.23	21.05	24.03
ii	Depreciation	0.74	0.74	0.74	0.57	0.57
iii	Interest	0.44	0.34	0.25	0.15	0.05
A	Total (i + ii + iii)	14.79	16.89	19.22	21.77	24.65
i	Interest	0.44	0.34	0.25	0.15	0.05
ii	Principal repayment	1.14	1.14	1.14	1.14	1.14
B	Total (i + ii)	1.58	1.48	1.38	1.29	1.19
	DSCR (A / B)	9.37	11.40	13.88	16.91	20.69

Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 5 years, Rate of interest being 8.5% p.a.

Address of Vendors

Name of the Vendor	Address and Contact Number
PM Garments	14 Hanspukaria 2nd Lane, 2nd Floor, Kolkata, West Bengal 700007 Contact No.- 098363 01209
Aradhya Marketing	Last Building, 1st Floor, Afsar Lane, Lakhtokia, Fancy Bazar, Guwahati, Assam, 781001, India Contact No.- 09435018670

ANNEXURE - 1

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
I												
Principal												
Opening	5.69	5.60	5.50	5.41	5.31	5.22	5.12	5.03	4.93	4.84	4.74	4.65
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Closing	5.60	5.50	5.41	5.31	5.22	5.12	5.03	4.93	4.84	4.74	4.65	4.55
Interest	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03
II												
Principal												
Opening	4.55	4.46	4.36	4.27	4.17	4.08	3.98	3.89	3.79	3.70	3.60	3.51
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Closing	4.46	4.36	4.27	4.17	4.08	3.98	3.89	3.79	3.70	3.60	3.51	3.41
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02
III												
Principal												
Opening	3.41	3.32	3.22	3.13	3.04	2.94	2.85	2.75	2.66	2.56	2.47	2.37
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Closing	3.32	3.22	3.13	3.04	2.94	2.85	2.75	2.66	2.56	2.47	2.37	2.28
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
IV												
Principal												
Opening	2.28	2.18	2.09	1.99	1.90	1.80	1.71	1.61	1.52	1.42	1.33	1.23
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Closing	2.18	2.09	1.99	1.90	1.80	1.71	1.61	1.52	1.42	1.33	1.23	1.14
Interest	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
V												
Principal												
Opening	1.14	1.04	0.95	0.85	0.76	0.66	0.57	0.47	0.38	0.28	0.19	0.09
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Closing	1.04	0.95	0.85	0.76	0.66	0.57	0.47	0.38	0.28	0.19	0.09	-0.00
Interest	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00