

INNTEX KNITWEAR LTD.

A PROPOSED RMG [KNIT] MANUFACTURER





VISION

To be the globally recognized industry of excellence that develops a world-class sustainable quality knit fabric to improve the fashion for life.

MISSION

To develop our efficiency, improve the quality and increase our productivity by sharing the new state of art eco-friendly technology.

GOAL

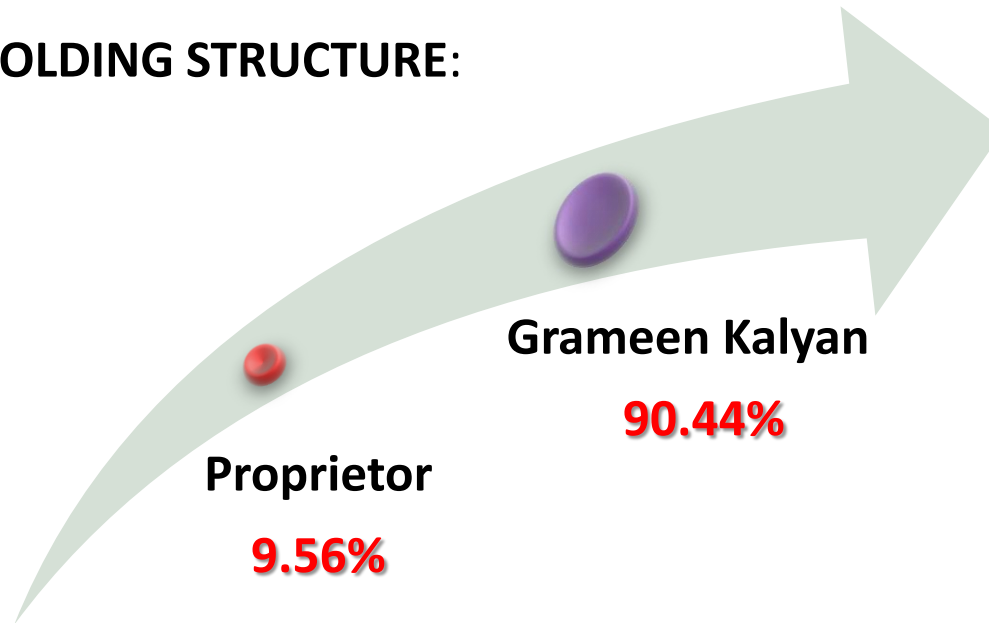
To service the knit fabric needs of the apparel industry with high quality, competitively priced fabrics, backed by outstanding customer service and technical expertise.

Executive Summary

Name	:	InnTex Knitwear Ltd.
Location (Proposed)	:	Savar/Mirpur, Dhaka
Line of Business	:	Ready Made Knit Garments manufacturer
Product Mix	:	Basic T-shirt, Tank Top & Polo Shirt
Production Capacity	:	720,000 pieces per annum
Project Cost	:	Tk.6,274,473/-
Means of Finance	:	Equity: Tk.600,000 /- & Debt: Tk.5,674,473/-
Land & Building	:	Rented premises of about 5,000 sft. at said location
Equipment & Machinery	:	Imported: Tk.1,870,596/- & Local: Tk.4,403,877/-
Employment Opportunity	:	100 persons
Debt-Equity Ratio	:	90.44 : 9.56
Break-Even Sales Volume	:	Tk.27,838,399/-

Sponsors & Management Aspect

- **SHAREHOLDING STRUCTURE:**

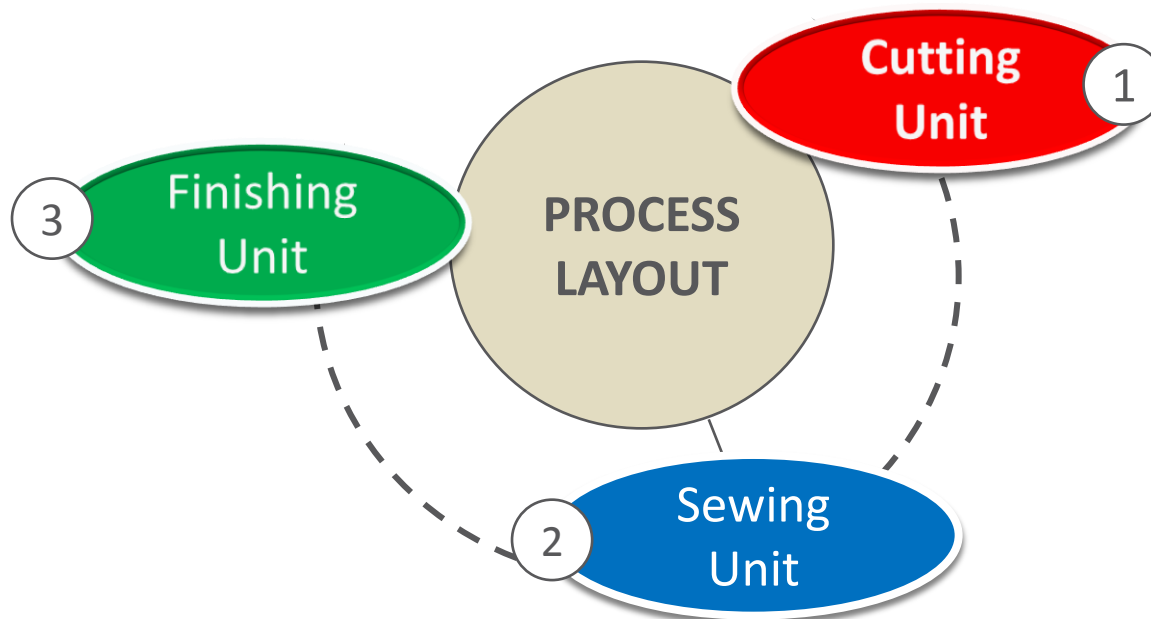


- **PROPRIETOR:** M. Saiduzzaman

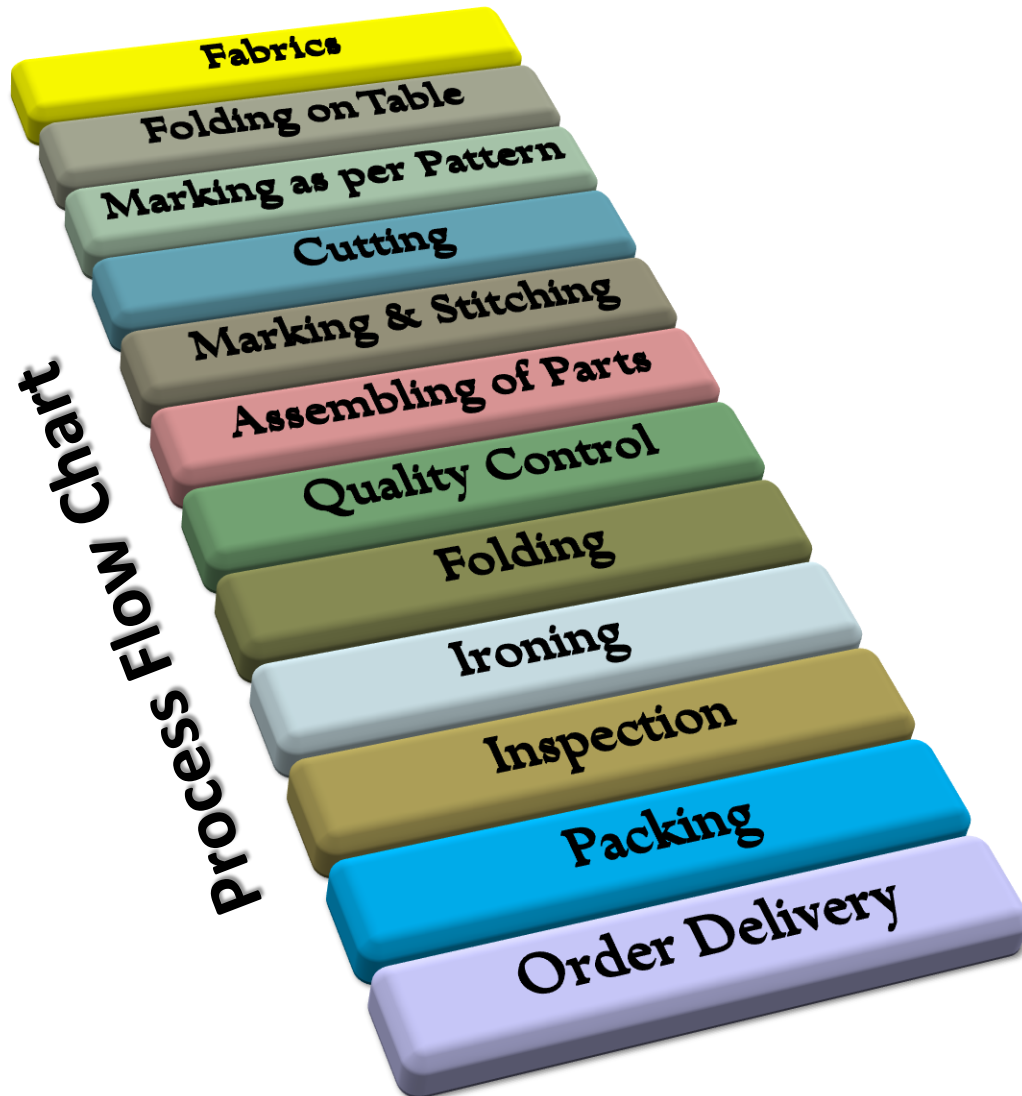
- MBA, BBA (Finance)
- Completed '***Certificate Course in Knit Merchandising***' as an extra achievement which from IART, an institute of **BKMEA**.

Technical Aspects

- **MANUFACTURING PROCESS:**



Technical Aspects (Cont...)



Technical Aspects (Cont...)

- **RAW MATERIALS:**

Knit Fabrics, Paper Cone, Carton, Trademark, Label etc. to be collected from local supplier on sub-contract basis or through back-to-back L/C.

- **PROJECT IMPLEMENTATION SCHEDULE:**

LC Opening	1 st Month
Machinery Arrival	3 rd & 4 th Month
Erection & Installation	5 th Month
Trial Operation	6 th Month
Commercial Operation	6 th Month



Marketing Aspects

- **MARKETING STRATEGY:**

- ***Product Innovation*** through market research and customer interaction; sharing ideas and design inputs in both fabric trends and Wash direction with the Brands/Retailers.
- ***Market Expansion*** through offsetting import of knit fabrics by providing flexibility, shortening lead time, product diversification, competitive pricing, research and training.
- ***Focus on New Markets*** through Direct Export to Brands/Retailers in Europe so as to take advantage of the GSP benefit and thus improve contributions.



Project Cost

Particulars	Local	Foreign	Total
Advance Rent (5,000 sft. @10 years)	600,000		600,000
Imported Equipment		1,870,596	1,870,596
Local Equipment	1,250,000		1,250,000
Erection & Installation	161,642		161,642
Furniture & Fixtures	300,000		300,000
Other Office Equipment	200,000		200,000
Preliminary Expenses	280,000		280,000
Contingencies	300,000		300,000
Initial Operating Cost (3 months Rent, 2 months Wage & Cash Req.)	1,200,000		1,200,000
Total Cost of the Project:	4,403,877	1,870,596	6,274,473

Financing Mode

Particulars	Equity	Loan	Total
Advance Rent		600,000	600,000
Imported Equipment	600,000	1,382,831	1,982,832
Local Equipment		1,250,000	1,250,000
Erection & Installation		161,642	161,642
Furniture & Fixtures		300,000	300,000
Other Office Equipment		200,000	200,000
Preliminary Expenses		280,000	280,000
Contingencies		300,000	300,000
Initial Operating Cost		1,200,000	1,200,000
Total Means of Finance:	600,000	5,674,473	6,274,473



Financial Assumptions

Assumptions:

- The project will operate for **300 days** in a year on single shift operation basis of **8 hours/day**.
- The capacity build-up has been assumed to be achieved gradually at the following rate per year: **45%** (1st Year), **50%** (2nd Year), **55%** (3rd Year), **60%** (4th Year), **65%** (5th Year), **70%** (6th Year), **75%** (7th Year)
- Price of Raw Materials and Finished Goods have been assumed to remain constant throughout the projected years of operation with the assumption that any increase in the price of Raw Materials will be off-set by the corresponding increase in the price of Finished Goods.
- Sales Price of the proposed products has been assumed on the basis of **FOB Price** of such product.
- Stock of Work-in-Process has been considered for **7 days**.
- Stock of Finished Goods has been considered for **7 days**.
- Annual increment of **5%** has been considered for calculation of Wages & Salaries.
- Depreciation has been charged on Straight Line Methods at the following rates:

Local & Imported Equipment	: 10% per annum
Furniture & Fixtures	: 20% per annum
Other Office Equipment	: 20% per annum
- Preliminary expenses will write off within **7 years**.
- Economic life of local & imported machinery assumed to be **10 (ten) years**.
- Advance Rent has been considered to get back after **10 (ten) years**, without any partial adjustment.
- Factory Overheads like Water, Power & Fuel; Repair & Maintenance; Store & Spares and Rent, Tax & Insurance are estimated at **0.75%**, **0.60%**, **0.60%** and **0.50%** of Sales respectively.
- Grace Period: **6 (six) months**.

Projected Financial Statements

Particulars	1st Year	2nd Year	3rd Year	...	7th Year
Capacity Utilization	45%	50%	55%	...	75%
Sales Revenue	48,212,798	55,819,707	61,505,424	...	83,971,659
Gross Profit	5,136,955	6,502,526	7,575,801	...	11,619,887
Operating Profit	3,786,955	5,086,826	6,089,736	...	9,797,783
Net Profit After Tax	1,635,643	2,536,226	3,216,683	...	5,757,106
Current Assets	6,004,473	7,494,590	11,617,563	...	39,223,240
Fixed Assets	5,795,026	5,315,579	4,836,131	...	3,118,342
Current Liabilities	4,473,089	3,943,944	4,324,966	...	5,842,515
Long-term Liabilities	5,237,975	4,364,979	3,491,984	...	0
Sponsor's Equity	2,088,435	4,501,245	8,636,745	...	36,499,066

Financial Ratios



Ratios	1 st Year	2 nd Year	3 rd Year	...	7 th Year
Gross Profit to Sales (%)	10.65	11.65	12.32	...	13.84
Operating Profit to Sales (%)	7.85	9.11	9.90	...	11.67
Net Profit to Sales (%)	3.39	4.54	5.23	...	6.86
Current Ratio (Times)	1.66	1.28	1.28	...	1.28
Debt-Service Coverage Ratio (Times)	2.85	3.21	4.10	...	9.46

SWOT Analysis

STRENGTH

- Booming RMG Industry
- World Wide Acceptability
- International Standard Quality
- Cheapest Labor & Skilled Worker
- Higher Margin

OPPORTUNITY

- GSP Benefit
- Target Customer
- Available Raw Materials

SWOT

THREATS

- Political Turmoil
- Dollar Fluctuation
- Bureaucratic Barriers

WEAKNESS

- Highly Competitive
- Labor Unrest
- Employee Turnover

Risk & Mitigation



Implementation Risk	:	Unable to supply machineries in time. Resulting cost overrun and missed market opportunities that would adversely affect repayment capability.
Mitigation	:	Machineries will be of Taiwan origin and the suppliers have already good reputation in international market for delivering their product on right time.
Operational Risk	:	Risk will arise if the plant and machinery may not perform as per specification.
Mitigation	:	The installation of machinery is very easy and well known in the country. The machinery will be installed by the local erectors. Given their track record and the experience of the sponsors no major problem is expected.

Risk & Mitigation (Cont...)

Financing Risk	:	Unable to inject necessary equity.
Mitigation	:	Promoters are quite capable of injecting the necessary equity in a timely manner for any unforeseen contingency or cost overrun.
Environmental Risk	:	Undue environmental hazard from the plant.
Mitigation	:	Generally, knitting plants are not hazardous to the environment. The machinery will also be obtained from suppliers of international standard.
Marketing Risk	:	Sales may not be achieved as per projection.
Mitigation	:	Due to the buyer's positive response, there is no such anxiety.

Reach For the Big Win



Question & Answer Session



Thank You

