

Woollen Mufflers Knitted

PRODUCT CODE	: 260209007
QUALITY AND STANDARDS	: As per IS 2422:1963.
MONTH AND YEAR OF PREPARATION	: May, 2003
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INTRODUCTION

Hosiery Industry is an ancient industry in the field of textiles and at present, this industry occupies an important place in the Industrial Scenario of our country by giving jobs to lakhs of people directly or indirectly and by earning valuable foreign exchange.

In this report, efforts have been made to give detailed Project Report for manufacturing of Woollen Mufflers Knitted (Acrylic) which were worn by the people for protection of neck and head portion of the body from cold, and is feasible in this area.

MARKET POTENTIAL

Woollen Mufflers are generally used by gents during winter season specially in the hilly areas, to protect neck and head portion of the body from cold. Being a very cheap product, it becomes within the easy reach of common man, hence there is ample scope to start this industry in any part of India both in towns and villages. The manufacture of Mufflers is very simple and can be

managed with a little knowledge of knitting. Moreover, machinery and raw materials required to start this industry are indigenously available.

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 75% 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 the Banks or by Financial Corporation.
5. Margin money required is minimum 30% of the Projected investment.

6. Pay back period of the Project will be after the initial gestation period of one and a half year, it will require 2 years to pay back the loans.
7. The rental value of the workshed and other built up/covered area has been taken at the rate of Rs. 20 per square meter.
8. The rates quoted in respect of machines, equipments 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. 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 arrangements	3 months
4. Purchase and Procurement of machinery	2 months
5. Installation of machines	1 month
6. Electrification	1 month
7. Recruitment of staff and labour	1 month

TECHNICAL ASPECTS

Process of Manufacture

Dyed woollen/mixed yarn in different shades is purchased from the market and is wound on the wooden bobbins

by a process known as winding. These bobbins are placed on Hand-operated Circular Knitting Machines and Yarn is converted into knitted cloth. This knitted cloth is cut into pieces as per length of mufflers required. Both end of these cut pieces are stitched or overlooked and fringes are attached with hand process by ladies. The mufflers are then pressed and packed in card board boxes and marketed.

Quality Control and Standards

The product proposed for manufacturing is a fashioned item and having different designs and colour combinations depending upon the demand of the consumers. So, proper quality control on the product is not possible to be maintained. However, for quality goods, the quality of yarn in respect of evenness and correct counts and colour fastness can be maintained. For this proposed items the specification IS 2422:1963 may be followed.

Production Capacity (per annum)

a. Quantity (Dozen)	3600
b. Value in (Rs.)	15,12,000

Motive Power 5 HP.

Pollution Control

There are no pollution control measures required as this industry does not involve any pollution.

Energy Conservation

As the power requirement is very small, this can be conserved by proper house keeping.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building

Building : 100 sq. mtr. The building is considered rental with monthly rent of Rs. 2000 @ Rs. 20 per sq. meter.

(ii) Machinery and Equipments

Sl. No.	Description.	Qty.	Rate (Rs.)	Value (Rs.)
1.	Hand Operated Circular Knitting M/c of 6 1/2" dia with 240 needles with designing wheels and needles.	4	15,000	60,000
2.	Overlock Machine three thread with Motor and Stand.	1	5,000	5,000
3.	Sewing Machine with Stand and Motor.	1	2,000	2,000
4.	Office furniture, cutting table, pressing table, Firms, Wooden Stands, Electric Press. etc.	L.S.	L.S.	20,000
			Total	87,000

B. Working Capital (per month)

(i) Staff and Labour

Sl. No.	Designation.	No.	Salary (Rs.)	Total (Rs.)
1.	Manager/Knitting Master.	1	5,000	5,000
2.	Peon/Chowkidar	1	2,250	2,250
3.	Skilled Workers	4	2,500	10,000
4.	Overlock Machine Operator	1	2,250	2,250
5.	Labels and fringes attachment on contract basis (part time)	4	-	3,600
6.	Pressman (Part time)	1	900	900
7.	Helpers	1	2,250	2,250
			Total	26,250
			Plus perquisites @10%	2,625
			Total	28,875
			Say	29,000

(ii) Raw Material (Including Wages and Packing)

Sl. No.	Description.	Qty.	Rate (Rs.)	Value (Rs.)
1.	Dyed Acrylic 2/32x or 2/40x count (including wastage.)	380 kg.	160	60,800
2.	Sewing thread, stickers, labels, Polythene bags, boxes.	LS	LS	5,200
			Total	66,000

(iii) Utilities (Rs.)

Power and Water	3000
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(iv) Other Contingent Expenses (per month) (Rs.)

1. Rent for building	2,000	
2. Advertisement	1,000	
3. Transport	500	
4. Consumable stores, needles, oils etc.	500	
5. Postage expenses/telephones	250	
6. Stationery	250	
7. Repairs and maintenance	500	
8. Miscellaneous	50	
Total		5500

(v) Total Recurring Expenditure (per month) (Rs.)

a. Staff and Labour	29,000	
b. Raw material	66,000	
c. Utilities	3,000	
d. Other contingent expenses	5,500	
Total		1,03,500
Say		1,04,000

(vi) Total Working Capital (on 3 months basis)
 $1,04,000 \times 3 =$ Rs. 3,12,000

C. Total Capital Investment

a. Fixed Capital	Rs. 87,000	
b. Working capital	Rs. 3,12,000	
Total		Rs. 3,99,000

MACHINERY UTILIZATION

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

FINANCIAL ANALYSIS

(1) Cost of Production (per year)	(Rs.)
Total recurring expenditure	12,48,000
Depreciation on machinery and equipments. @ 10%	6,700
Depreciation on office furnitures and fixture @ 20%	4,000
Interest on total investment @ 14%	55,860
Total	13,14,560
Say	13,15,000

(2) Turnover (per year)

Items	Qty.	Rate (Rs.)	Value (Rs.)
Woollen Mufflers Knitted (Acrylic)	3600 Dozen	420/ dozen	15,12,000

(3) Net Profit Rs. 1,97,000

(4) Net Profit Ratio

$$= \frac{\text{Net Profit} \times 100}{\text{Turnover per annum}}$$

$$= \frac{1,97,000 \times 100}{15,12,000}$$

$$= 13\%$$

(5) Net Rate of Return

$$= \frac{\text{Net Profit} \times 100}{\text{Total Investment}}$$

$$= \frac{1,97,000 \times 100}{3,99,000}$$

$$= 49\%$$

(6) Break-even Point

(i) Fixed Cost	(Rs.)
1. Depreciation	10,700
2. Interest	55,860
3. Rent	24,000
4. 40% of salary and wages	1,39,200
5. 40% of other contingent expenses	16,800
Total	2,22,560

(ii) Profit Rs. 1,97,000

$$\text{B.E.P.} = \frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Profit}}$$

$$= \frac{2,22,560 \times 100}{2,22,560 + 1,97,000}$$

$$= 53\%$$

Addresses of the Machinery Suppliers

1. M/s. Popular Electrical and Mechanical Works
Chawal Bazar,
Ludhiana.
2. M/s. Matharoo Mechanical Works
Bhaiwala Chowk,
Ferozepur Road,
Ludhiana.
3. M/s. S.T.M. Knitting Machine Manufacturers
Kalsi Nagar,
G.T. Road,
Ludhiana.

Raw Material Suppliers

1. M/s. Vardhman Spinning and General Mills Ltd.
Chandigarh Road,
Ludhiana.
2. M/s. Sona Woollen Mills
156, Industrial Area-A,
Ludhiana.
3. M/s. Oswal Woollen Mills Ltd.
Industrial Area-A,
Ludhiana.