

Elastic Tape

PRODUCT CODE	: 267904002
QUALITY AND STANDARDS	: IS 9686:1980
MONTH AND YEAR OF PREPARATION	: May, 2003
PREPARED BY	: Small Industries Service Institute Janak Kuti, Chambaghat, Solan-173213 (H.P.)

INTRODUCTION

Garment forms one of the basic needs of human being. In a country like India with growing population, the increase in demand for the readymade garments is a continuing process. A good dress should give importance to three basic parameters. These are comfort to wearer, matching colours and climate adjustments.

Elastic tapes are required for the purpose of holding the garments tightly when it is worn by the persons. In addition to providing comfort, it also increases the life of the garments. Generally, the elastic tapes are used in undergarments like briefs, panties, brassiers, baggies, children's dress etc. It is also used in suitcases for inside straps for better grip holding and in car seats for safety driving etc.

MARKET POTENTIAL

With the increasing demand for the undergarments and readymade garments, there is enough scope for the garment ancillary units including the elastic tapes. There is always good demand for the elastic tapes.

BASIS AND PRESUMPTIONS

1. This project is based on single shift basis and 300 working days in a year.
2. Time period for achieving maximum capacity utilisation is considered from 3rd year from the date on which production is started.
3. Rental value indicated in the project is Rs. 20 per sq. mt.
4. Costs of machinery and equipment/material indicated refer to a particular make and approximately to those prevailing at the time of preparation of this project.
5. Cost of installation and electrification is taken @ 10% of cost of machinery and equipment.
6. Non-refundable deposits, project report cost, trial production, security deposit with Electricity Board etc. are taken under pre-operative expenses.
7. Depreciation has been considered as 10% on plant and

machinery, 15% on office furniture and fixtures and 20% on workshop accessories.

8. Interest on capital investment has been taken @ 14% per annum.

IMPLEMENTATION SCHEDULE

<i>Sl.No. Activity</i>	<i>Period</i>
1. Selection of site/working shed	1 month
2. Formation of company (ownership/partnership)	1 month
3. Registration with Commissioner of Industries/ DIC	1 month
4. Procurement of machinery and equipment	1 month
5. Arrangement of finance (Term loan and working capital)	3 months
6. Selection of market channel	1 month
7. Plant erection and electrification	2 weeks
8. Arrangement of raw material including packaging material	1 month
9. Recruitment of manpower	1 month
10. Miscellaneous works like power/water connection etc.	2 months

Note: Considering that some of the above activities may be overlapping, the project implementation will take a total period of six months approximately for starting the production.

TECHNICAL ASPECTS

Process of Manufacture

Different types of yarn like viscose, nylon and cotton are placed on creel for working purpose as per design. Warp is prepared on warping machine. It is to be ensured that no loose threads are present in the warp sheet in order to run the machine without stoppage. Prepared warp beam is shifted to needle loom and individual threads are drawn as per design. When the machine starts weaving, the woven tapes will come out of the machine and finally wound on the rolls, After finishing on finishing machine, rolls are packed into polythene packs for supply to the customers.

Quality Control and Standards

The product should be clean from oil stains, cuts, any other defects etc. Care should be taken while manufacturing to avoid occurrence of the above faults.

Production Capacity (per annum)

Product	Quantity	Amount (In Rs.)
Elastic Tape	16,80,000	84,00,000

Motive Power

25 HP is required to run this unit.

Pollution Control

Although not required, however, entrepreneurs have to contact State Pollution Control Board for necessary guidance.

Energy Conservation

Energy can be saved by proper house-keeping.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building

Covered area	100 sq.mt.
Uncovered area	200 sq.mt.
Rent/month @ Rs. 20/sq.ft.	4,000

(ii) Machinery and Equipment

Sl. No.	Description	No.	Rate (In Rs.)	Amount (In Rs.)
1.	High speed needle loom 12 shaft front reed 12" without back frame and beam Model 6/27 Varitex	2	5,00,000	10,00,000
2.	Warping machine type b 350 suitable or 350 mm dia and 250 mm width with warp speed 180 mts./min.max.	1	12,00,00	12,00,00
3.	Creel for 250 ends	1	80,000	80,000
4.	Aluminium flanged beams bolted	50	800	40,000
5.	Finishing machine series FS-2 main drum guide rollers made of SS 304 dia 800mm, length 1210mm, 36 heaters, maximum speed 36 mts./min.	1	2,25,000	2,25,000
6.	Back frames	3	10,000	30,000
7.	Measuring and winding machine suitable for making rolls upto 30mm.dia	1	40,000	40,000
8.	Fire fighting equipments	LS	10,000	10,000
9.	Lab. equipments	LS	10,000	10,000
	Total			15,55,000

(iii) Other Fixed Assets (Rs.)

(a) Erection and installation	1,53,500
(b) Office furniture	20,000
(c) Pre-operative expenses	20,000
Total	1,93,500
Total Fixed Capital	17,48,500

B. Working Capital (per month)

(i) Staff and Labour Wages

Sl. No.	Designation	Nos.	Rate (In Rs.)	Amount (In Rs.)
1.	Plant Manager	1	8,000	8,000
2.	Sales Officer	1	5,000	5,000
3.	Accountant/Cashier	1	3,500	3,500
4.	Peons	2	2,250	4,500
5.	Supervisors	1	4,000	4,000
6.	Skilled workers	4	3,500	14,000
7.	Unskilled workers	2	2,250	4,500
	Total			43,500
	<i>Perquisites@ 20%</i>			8,700
	G.Total			52,200

(ii) Raw Materials (per month)

Sl. No.	Description	Qty.	Rate/ Unit(Rs.)	Amount (In Rs.)
1.	Crimped Nylon yarn 1/120	1,000	200	2,00,000
2.	Viscose 450 Dn. yarn	750	90	67,500
3.	32 s Cotton yarn	750	105	78,750
4.	Latex thread	775	100	77,500
5.	Glue/starch	100	10	1,000
	Total			4,24,750

(iii) Utilities (Rs.)

Electricity bill	12,500
Water charges	
Total	12,500

(iv) Other Contingent Expenses (per month)(Rs.)

(a) Rent	4,000
(b) Postage/Stationery	500
(c) Repair and maintenance	12,792
(d) Transport/travelling Charges	1,000
(e) Insurance	1,000
(f) Telephone bills	2,000
(g) Miscellaneous	1,000
Total	22,292

(v) Total Recurring Expenses (per month)	5,11,742
--	----------

(vi) Total Working Capital for 3 months Rs. 15,35,225

C. Total Capital Investment

(i) Machinery and equipment	Rs. 17,48,500
(ii) Working capital for 3 months	Rs. 15,35,225
Total	Rs. 32,83,725

MACHINERY UTILISATION

Capacity utilisation is considered as 75% of installed capacity.

FINANCIAL ANALYSIS

(1) Cost of Production (per year)	(Rs.)
Recurring expenses	61,40,900
Depreciation on machinery @ 10%	1,53,500
Depreciation on office furniture, other fixed assets @ 20%	8,000
Interest on total investment @ 14%	4,59,721
Total	67,62,121

(2) Turnover (per year) (Sales)

Product	Nos.	Rate (In Rs.)	Amount (In Rs.)
Elastic Tape	16,80,000	4.50	75,60,000
		Total	75,60,000

(3) Net Profit (per year) Rs. 79,7,879

(4) Net Profit Ratio (Net profit/Turnover (per year) 10.50%

(5) Rate of Return on Investment (Net Profit/Total Capital Investment) 24.2%

(6) Break-even Point

Fixed Cost	(Rs.)
Depreciation	1,61,500
Rent	48,000
Interest on capital investment	4,59,721

Fixed Cost	(Rs.)
40% of wages of staff and labour	2,50,560
40% of other contingent expenses	83,000
Insurance	12,000
Total	10,14,782

$$\begin{aligned}
 \text{B.E.P.} &= \frac{\text{FC} \times 100}{\text{FC} + \text{Profit}} \\
 &= \frac{1014782 \times 100}{1014782 + 797879} \\
 &= 56\%
 \end{aligned}$$

Addresses of Machinery and Equipment Suppliers

1. M/s. Baku Bhai Ambalal
3-Madrwah Estate,
Saki Vihar Road, Sakinaka,
Mumbai-72.
2. M/s. Prashant Engg. Co.
Plot No. 4/1-A,
GIDC Estate, Vatva,
Ahmedabad-382445.

Addresses of Raw Material Suppliers

1. M/s. Moupan Ltd.
Modi Nagar, (U.P.)
2. M/s. Lohia Machine Ltd.
(Fibre Div.)
C-3 and 4, Panki Indl. Estate,
Kanpur.
3. M/s. Vardhman Spinning and
Gen. Mills Ltd.
Chandigarh Road, Ludhiana.
4. M/s. India Spinners and Processors
5309, Basti Harphool Singh,
Delhi-110006.