

Woven Labels

PRODUCT CODE	: 266903006
QUALITY AND STANDARDS	: No specification has been framed so far, for this product. However, the quality is to be maintained as per the requirement of the market by using good quality of yarn.
PRODUCTION CAPACITY	: Qty. : 1,44,00,000 Labels (per annum) Value : Rs. 37,44,000
MONTH AND YEAR OF PREPARATION	: March, 2003
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INTRODUCTION

Labels are used in every garment industry of Textile and Leather as well as by the tailors to give the identity of the manufacturers and the specifications of the material used. With the increasing awareness of the consumer towards the better quality product and feeling the brand consciousness, this has become a neccessity for the garment manufactuers and the tailors.

MARKET POTENTIAL

There are very few units in the State which are engaged in manufacturing lables. These labels are required by each and every type of garment manufacturing unit as well as leather products. Due to the increase in the production of garments, the demand of labels is also being increased day-by day. The export of readymade garments to different countries has also been increased. Still there is a gap of supply

of labels to the manufacturing units. There is good scope if some units come forward for manufacturing of labels.

BASIS AND PRESUMPTIONS

1. The scheme has been prepared on the basis of 75% efficiency on single shift considering 25 working days in a month.
2. The rate of 15% interest in the scheme has been worked out on the basis of 15% on an average however, this figure is likely to vary depending on the financial out-lay of the project as well as location of the unit.
3. The break-even point in the scheme has been calculated on the full capacity utilization basis.
4. The cost of machinery and equipment as indicated are approximate which are fuling locally at the time of preparation of the scheme when a tailor cut project profile is prepared,

necessary changes are to be made.

5. The rate quoted in respect of salaries and wages for workers and others are the minimum rates in the State, neighbouring states.
6. Margin money required is minimum 30% of the Projected investment.
7. After the initial gestation period of one and half year, it will require approximately 4 years to pay back the loans.
8. Working capital for 3 months has been taken into consideration for smooth running of the project.

IMPLEMENTATION SCHEDULE

<i>Sl.No. Activity</i>	<i>Period</i>
1. Preparation of the Project Report:	
a) Calling quotations	1 month
b) Preparation of Project report	2 weeks
2. Provisional registration as SSI unit	1 week
3. Financial arrangements	3 months
4. There is no need for Pollution Control equipment. Even then NOC from Pollution Control Board is required	1 week
5. Purchase and procurement of machinery and equipments	3 months
6. Installation of machines and equipments	2 months
7. Electrification	1 month
8. Recruitment of staff and workers	2 months

TECHNICAL ASPECTS

Process of Manufacture

The main raw material required to manufacture Labels is Polyster Yarn/ Silkyarn/Cotton yarn/Viscose yarn/ Blended yarn of different counts and colours. The yarn normally comes in the market on cones, from these cones warp is made on warping machine. The design which is required to be produced is punched through punching machine on card. Some people use few ends of Jari yarn to enhance beauty of the label. The width of the label depends from one inch to two inches. Accordingly, the warp is made and the yarn is inserted to shuttle for weaving the labels in a continous length. These labels are checked and packed for marketing to the garment manufacturers.

Quality Control and Standards

The Bureau of Indian Standards has not brought out any specifications for labels. Labels are manufactured as per the customer design and selection of material. So far, no unit is adopting any quality standard for this purpose. However, quality of the woven labels depends upon the materials use and the fast colour of the yarn used for manufacturing woven labels.

Production Capacity (per annum)

(a) Quantity	1,44,00,000 Labels
(b) Value	Rs. 37,44,000-00

Motive Power 20 H.P.

Pollution Control

No effluents are required, since the process involves weaving of yarn into

woven labels. So, there is no requirement of installation of effluent plant.

Energy Conservation

Energy Conservation has become essential in these days. It becomes the individuals duties to realise its necessity.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building	Value (Rs.)
Rented 500 sq. mtr @ Rs. 20 sq.mtr.	10,000

(ii) Machinery and Equipments

Sl. No.	Description	Unit	Rate (Rs.)	Total (Rs.)
1.	Reel Winder 8 spindle.	1	12,000	12,000
2.	Pirn winder 8"	1	20,000	20,000
3.	Beam winding M/c (Warping)	1	15,000	15,000
4.	Woven Labels making machine with Jacquard	8	90,000	7,20,000
5.	Creel Stands	1	8,000	8,000
6.	Card punching and stitching machine	1	35,000	35,000
	Total			8,10,000

(iii) Other Fixed Assets	(Rs.)
1. Electrification and Installation Electric Motors	50,000
2. Furniture and office equipments	50,000
G. Total	9,10,000

B. Working Capital (per month)

(i) Staff and Labour (per month)	(Rs.)
<i>Administrative and Supervisory</i>	
1. Manager	1 5500 5,500
2. Supervisor/Accountant	1 3500 3,500
3. Peon/Watchman	1 2500 2,500
<i>Skilled/Unskilled Worker</i>	
1. Operators for label making machines	4 3000 12,000

<i>Skilled/Unskilled Worker</i>			
2. Operators (Real winder 3 pirn winder/Beam winder)	3000		9,000
3. Helpers	2	2250	4,500
	Total		37,000
<i>Perquisites @ 10%</i>			3,700
	Total		40,700
	Say		41,000

(ii) Raw Material (per month)	(Rs.)
Polyster yarn III denier 600 kg. @240	1,44,000
Viscose yarn 120 denir 200 kg. @200	40,000
Total	1,84,000

Note : Woven Labels are also made out of cotton, silk and nylon yarn. For calculations purpose, we have mentioned here polyster and viscose yarn.

(iii) Utilities (per month)	(Rs.)
Power and Electricity	4,000

(iv) Other Contingent Expenditure	(Rs.)
1. Rent	10,000
2. Postage and stationery	500
3. Repair and maintenance	1,000
4. Telephone	1,500
5. Transportation charges/cartage	1,000
6. Oil and Lubricants	500
7. Insurance	2,000
8. Office expenditure	500
9. Packing expenses	2,000
Total	19,000

(v) Working Capital (per month)	(Rs.)
Staff and Labour	41,000
Raw Material	1,84,000
Utilities	4,000
Other expenditure	19,000
Total	2,38,000

(vi) Total Working Capital for 3 months
= 2,38,000 × 3 = Rs. 7,14,000

C. Total Capital Investment

(i) Machinery and Equipments	Rs. 9,10,000
(ii) Total working capital for 3 months	Rs. 7,14,000
Total	Rs. 16,24,000

FINANCIAL ANALYSIS

(1) Cost of Production (per annum)	(Rs.)
Raw Material	22,08,000
Staff and Labour	4,92,000
Utilities	48,000
Other contingent expenses	2,28,000
Depreciation on Machinery @ 10%	86,000
Interest on total investment @ 15%	2,43,600
Depreciation on Office furniture.	10,000
Total	33,15,600

(2) Turnover (per annum)	(Rs.)
By sale of : 1,44,00,000 Labels @ Rs. 260 per thousand	37,44,000

(3) Net Profit (per year)	(Rs.)
Profit = Sales - Production Cost = 36,00,000 - 33,15,600 =	4,28,400

(4) Net Profit Ratio

$$= \frac{\text{Net Profit per year} \times 100}{\text{Turn over per year}}$$

$$= 11\%$$

(5) Net Rate of Return

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

$$= 26\%$$

(6) Break-even Point

Fixed Cost (per annum)	(Rs.)
1. 40% of salaries	1,96,800
2. 40% of utilities	19,200
3. 40% of other expenditure	91,200
4. Depreciation on machinery	86,000
5. Depreciation on office furniture	10,000
6. Interest on total investment	2,43,600
Total	6,46,800

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

$$= \frac{646800 \times 100}{1075200}$$

$$= 60\%$$

Addresses of Machinery Manufacturers and Suppliers

1. M/s. Nota Machinery Works
Industrial Area-A,
Ghorrawali Factory,
Ludhiana.
2. M/s. Nota Machinery Corporation
Sherpur,
Ludhiana.
3. M/s. Hamdard Textile Engineers
Putlighar,
Amritsar.
4. M/s. Guru Nanak Textile
Machinery Manufacturers
G.T. Road,
Amritsar.
5. M/s. Nanak Chand and Sons
Ganesh Nagar,
St. No. 3, Link Road,
Ludhiana.

Raw Material Manufacturers and Suppliers

1. M/s. J.C.T. Ltd.
Phagwara (Punjab).
2. M/s. Modi Cone Ltd.
Modinagar-201204.
3. M/s. Esslon Synthetics Ltd.
Dakshineswar Building,
10-Hailey Road,
New Delhi.
4. M/s. Shree Shyam Filaments
15/17, Barwar House,
Ajmer Road,
Jaipur-110065.
5. M/s. Rajasthan Patro Synthetics
Ltd.
4, Community Centre,
East of Kailash,
Delhi-110065.

6. M/s. J.K. Synthetics Ltd.
Kota.
7. M/s. Vardhman Spinning and
General Mills Ltd.
Samrala Road,
Ludhiana.
8. M/s. Mahavir Spinning and
General Mills Ltd.
Hoshiarpur (Punjab)
9. M/s. Govindwal Cooperative
Spinning Mills.
Goindwal Sahib,
Amritsar (Punjab)