

MSME DEVELOPMENT INSTITUTE, KOLKATA

PRODUCT : **COTTON MUSK**

PRODUCT CODE :

QUALITY STANDARD : **As per Customer Specification**

MONTH & YEAR : **June, 2020**

PREPARED BY : **MSME DEVELOPMENT INSTITUTE**
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A. INTRODUCTION:

Cotton cloths are being used by most of the people of 21st century, due to its high rate of sweat/moisture absorbency and good air permeability. In present pandemic COVID 19 situation, multiple layer of Cotton Cloth could be used as protective items/items to prevent many virus & Bacteria Infection.

B. MARKETING & SCOPE:

In present pandemic COVID 19 situations, Ministry of Home Affair (MHA), Govt. of India has already given guidelines to use MASK when go outside of Home. As a result there will be huge demand of quality Mask to combat the Post COVID 19 situation. In the present scenario, we must make a habit of using mask as a protective items like others items for combating with Virus & Bacteria.

C. SPECIFICATIONS OF PRODUCTS:

There are many specifications for Mask viz. surgical, normal etc. However in the present project report, Multilayer Cotton Musk will be used by common people. This type of mask can be reused by washing with soap followed by drying and pressing.

D. 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 utilization 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/ neighboring States.
4. Interest rate for fixed and working capital has been taken @ 12% of an average, whether financed by the Banks or by Financial Corporations.
5. Margin money required is minimum 30% of the Projected invested.
6. Pay Back Period of the Project: After the initial gestation period of one and a half year, it will require 3 years to pay back the loans.
7. The rental value of the work shed of Area 100 Sq meter and other built up/covered area has been taken at the rate of Rs. 70/- 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.

E. IMPLEMENTATION SCHEDULE:

- | | | |
|----|--|----------|
| 1. | Preparation of Project Report: - | |
| | a) Calling quotations. | 1 Week |
| | b) Preparation. | 1 Week |
| 2. | Financial arrangements. | 1 Month. |
| 3. | Purchase and Procurement of Machinery. | 2 week. |
| 4. | Installation of machines & Electrification | 1 Week. |
| 5. | Recruitment of Staff & Labor | 3 days . |

F. TECHNICAL ASPECT:

PROCESS OF MANUFACTURE:

1. Procurement of Cotton cloth (Weave & Knitted):

The raw material cotton cloths & are easily available in local market and need to be procured from there. The cloth which is procured from local market must be free from all types of fabric defects viz thick thin place, stitch, short pick, tightness, broken Needle, thick /thin yarn, holes, oil stains etc.

2. Cutting & Stitching:

After inspection the fabric is placed on the cutting table in the form of layer and marked by marker as per different sizes required for manufacturing Musk. Cutting of layer have been carried out by electric straight knife cutting machine. Then stitch the piece and make the Musk as per specification by the help of sewing machine.

3. Checking , Pressing and Packing:

The stitched vests are checked to remove defects and after removing defects send to packing division for final packing as per customer requirements. After packing the finish products send to market for sale.

4. Production Capacity:

Sl no	Name of product	Price /pcs	Production per year	Total values
1	2 Layer Musk (Cotton)	20	264000	5280000.00
2	3 layer Musk (Cotton)	24	480000	11520000.00
3	3 layer Musk (Knitted) Small Size	18	300000	5400000.00
4	2 Layer Musk (Knitted) Small Size	12	264000	3168000.00
Total values of Product				25368000.00

5. Motive Power Requirements: 6 H.P.

6. Pollution Control Needs:

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

7. Energy Conservation:

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

G. FIXED CAPITAL:

1. Land & Building:

100 sq.mts The building is considered rental with monthly rent of Rs.7,000/-p.m. @ Rs.70/- per sq. meter.

2. Machinery & Equipments:

S.no.	Description	Indian / Imported	Qty	Rate (Rs)	Value (Rs.)
1.	High speed Flat lock Stitch machine	Imported	4	70000	280000.00
2.	High Speed Single Needle Lock Stitch	Imported	4	35000	120000.00
3.	Vertical Fabric Cutter	"	2	20000	40000.00
4.	Steam press. with table	"	1	50000	50000.00

5. Rib Cutting machines	1	15000	15000.00
6. Laboratory equipment such as weighing balance magnifying glass, micros scope and other testing equipment and chemicals.	L.S.	-	22000.00
Total			527000.00

3. Other Fixed Expenses:

Wooden/ Table for Cloth Cutting	50000.00
Stools & Tables / Almirah	20000.00
Other pre -operative expenses	<u>15000.00</u>
Total	85000.00

4. TOTAL FIXED CAPITAL (Excluding Building Rent):

Machinery & Equipments charges	527000.00
Other Fixed Expenses	<u>85000.00</u>
Total	<u>612000.00</u>

H. WORKING CAPITAL:

i) Staff & Labor per Month

S.No	Personal	No.	Salary Rs.	Total Rs.
1.	Marketing Manager	1	25000	25000.00
2.	Supervisor (Technical)	1	15000	15000.00
3.	Cutting Master	1	12000	12000.00
4.	Accountant (Part time)	1	6000	6000.00
5.	Watchman/Peon	1	9000	9000.00
6.	Skilled worker	8	10000	80000.00
7.	Semi- skilled Worker	1	8500	8500.00
8.	Helper	3	6000	<u>18000.00</u>
Total				173500.00

ii) Raw Material (Including Packing) P.M.

Sr No	Description	Cloth Qty in meter	Rate per meter Rs	Value Rs
1.	2 Layers Musk (Cotton)	6300	50	315000.00
2.	3 layers Musk (Cotton)	16000	50	800000.00
3.	3 layers Musk (Knitted)	3600	80	280000.00
4.	2 Layers Musk (Knitted)	3200	80	256000.00
5.	Sewing thread, stickers, labels, Polythene bags, etc.		L.S.	10000.00
Total				1661000.00

iii) Utilities (P.M.)

Electricity, water requirement = Rs 8000/-

iv) Other Contingent Expenses (P.M.)

	Rs.
a. Rent.	7000.00
b. Postage & Stationery	500.00
c. Consumable Stores	5000.00
d. Repair & Maintenance	10000.00
e. Washing	3000.00
f. Insurance	2000.00
g. Misc. expenses	<u>5000.00</u>
Total Rs.	32500.00

v) Total Recurring Expenditure (P.M.)

	Rs.
a. Staff & Labour.	173500.00
b. Raw Material.	1661000.00
c. Utilities.	8000.00
d. Other contingent expenses.	<u>32500.00</u>
Total Rs.	1875000.00

vi) Total Working Capital (on 3 months basis)

Rs. 1875000.00 x 3 = Rs 5625000.00

Say Rs 5625000.00

I. TOTAL CAPITAL INVESTMENT.

a.	Fixed Capital	612000.00
b.	Working Capital	<u>5625000.00</u>
	Total Rs.	<u>6237000.00</u>

J. MACHINERY UTILIZATION:

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

K. FINANCIAL ANALYSIS.

1. Cost of Production (per year):

1	Total recurring expenditure per year	22500000.00
2	Depreciation on machinery & equipments @ 10 % p.a.	52700.00
3	Depreciation on office furniture @ 20 % p.a.	17000.00
4	Interest on total investment @ 12% p.a.	<u>748440.00</u>
	Total Rs.	<u>23318140.00</u>

Say Rs 23318000.00

2. Turn Over (Per Year):

Sl no	Name of product	Price /pcs	Production per year	Total values
1	2 Layers Musk (Cotton)	20	264000	5280000.00
2	3 layers Musk (Cotton)	24.50	480000	11760000.00
3	3 layers Musk (Knitted) Small Size	18	300000	5400000.00
4	2Layers Musk (Knitted) Small Size	12	264000	<u>3168000.00</u>
	Total values of Product			<u>25608000.00</u>

4. Net Profit (Per Year):

Rs 25368000- Rs 23318000 = **Rs. 2050000/-**

5. **Net Profit Ratio:** $\frac{\text{Net Profit} \times 100}{\text{Turnover per annum}} = \frac{2290000 \times 100}{25608000} = 8.94\%$

6. **Net Rate of Return:** $\frac{\text{Net Profit} \times 100}{\text{Total Investment}} = \frac{2290000 \times 100}{6237000} = 36.72\%$

7. **Break Even Point:**

I. **Fixed Cost:**

a. Depreciation on machinery & equipment	52700.00
b. Depreciation on furniture.	17000.00
c. Rent	84000.00
d. Interest on total investment	748440.00
e. 40% of salary & wages	832800.00
f. 40% of other expenses except rent.	112800.00
g. Insurance	<u>24000.00</u>
	Total Rs. 1871740.00

II. **PROFIT:** Rs. 2918760/-

BEP: $\frac{\text{Fixed cost} \times 100}{\text{Fixed cost} + \text{Profit}}$

= $\frac{1757044 \times 100}{1757044 + 2310840}$

= **44.97 %**

L. NAMES AND ADDRESSES OF SUPPLIERS:

1. M/s Juki India Pvt Ltd
Address: Ab 1, Prafulla Kanan, Kolkata -1
2. M/s Hari Chand Anand & Co.
Address: P360 Keyatala Road, Kolkata-700029
3. M/s Khanna Sewing Machine
Address: 187 Rabindra Sarani, Burrabazar, Kolkata-7
4. M/s Usha World
Address: 15/6 Jawaharlal Nehru Road, Kolkata 13

M. Address of Raw Material (Knitted)Suppliers:

1. M/s Subhas Hosiery Factory
Address: 28 B T Road, 1st Floor Kolkata 700002
2. M/s Kothari Knit Industries
Address: 7 Biplabi Rash behari Road, Kolkata-700001
3. Woven cloths are readily available in local market.
