

PROJECT PROFILE FOR COIR YARN SPOOLING UNIT

PRODUCT	:	SPOOLED COIR YARN
PRODUCTION CAPACITY (P.A) (100% CAPACITY)	:	1800 TONS
VALUE	:	RS.900 LAKHS
MONTH & YEAR OF PREPARATION	:	JUNE 2018
PREPARED BY	:	COIR BOARD, MINISTRY OF MSME, GOVT OF INDIA

• INTRODUCTION

For weaving a coir mat/matting/mourzourk, having pre-determined quantity, a long length of continuous yarn is required.

• PROCESS OF MANUFACTURE

Length of a country hank will range from 15 to 25 meter and the required quantity of country hanks of coir yarn are purchased from the market. These hanks after splicing are made in longer lengths and are wound on to the spools as per the quantity and colour pattern of the final product. This process of winding the yarn on the spools is called spooling. In the usual practice, splicing and spooling are done simultaneously. Normally a spool can hold a length of 1500 to 2500 yards of yarn. The spooling process is done with the help of a spool stand and flyer.

• BASIS AND PRESUMPTIONS

- The Project Profile is based on 8 working hours in a day and 25 days in a month and the Break Even efficiency has been calculated on 70%, 80%, 85%, 90% and 100% capacity utilization.

- The rate of interest both for fixed asset and working capital have been taken as 12.5% p.a.

- **TECHNICAL ASPECTS**

Installed Production capacity per shift/machine : 2 per shift

Number of machine : 3

Number of Shift per day : 1

Working days p.a : 300 days

Yield wastage : 1%

Capacity Utilization

-First year : 70%

-Second year : 80%

-Third year : 85%

-Fourth year : 90%

-Fifth year : 100%

Rate of Average Sales Realization : Rs. 50000 per ton

Rate of Average cost of raw material : Rs.45500

Interest on term Loan : 12.50%

Interest on working capital : 12.50%

Manpower requirement

Supervisor : 1

Skilled worker : 22

Total HP required : 15 HP

All the machineries and equipments mentioned in the Project profile are of indigenous make and are of medium price.

• **FINANCIAL ASPECTS**

i) Cost of Project

		Amount
• Land	:	Lease/owned
• Building	:	Rs.700000/-
• Machinery & Equipments	:	Rs.1200000/-
• Working Capital		Rs.600000/-

Total	:	Rs. 2500000/-

Sl. No	Description of machines & equipments	Qty	Amount (Rs)
1	Spooling machine 4 head 5 HP	3	1050000.00
2	Other equipments		150000.00
Total			1200000.00

ii) Means of Finance

• Promoters Capital	5%	:	Rs.125000/-
• Bank Term loan	95%	:	Rs.1805000/-
• WC Loan from Bank	95%	:	Rs.570000/-

Total		:	Rs.2500000/-

• **DETAILS OF THE PROFITABILITY OF THE PROJECT**

Rs.in Lakhs

Years		1	2	3	4	5
Installed Production capacity/machine/day	Tons	2.00	2.00	2.00	2.00	2.00
Number of machines		3	3	3	3	3
Number of shift/day		3	3	3	3	3
Working days per annum		300	300	300	300	300
Installed production capacity per annum	<i>Tons</i>	1800	1800	1800	1800	1800
Capacity utilization		70%	80%	85%	90%	100%
Annual production quantity	<i>Tons</i>	1260	1440	1530	1620	1800
Annual Sales Realization	<i>Rs. 50,000</i>	630.00	720.00	765.00	810.00	900.00
Cost of Production						
Raw material requirement	Tons	1272.60	1454.40	1545.30	1636.20	1818.00
Cost of raw material	Rs. 45,500	579.03	661.75	703.11	744.47	827.19
Power cost		0.81	0.86	0.91	1.02	0.71
Spares, Repairs & maintenance	2%	0.24	0.26	0.29	0.32	0.35
Wages & salary		24.86	28.42	30.19	31.97	35.52
Cost of Production		604.85	691.24	734.46	777.78	864.08
Gross Profit		25.15	28.76	30.54	32.22	35.92
Administrative & selling expenses	2.00%	12.60	14.40		16.20	18.00

				15.30		
Interest on Term Loan		1.87	2.01	1.68	0.57	0.25
Interest on Working capital		0.71	0.71	0.71	0.71	0.71
Depreciation of machinery		1.20	1.20	1.20	1.20	1.20
Depreciation of building		0.35	0.35	0.35	0.35	0.35
Total		16.73	18.67	19.24	19.03	20.51
Net Profit		8.42	10.08	11.30	13.29	15.42

• **ESTIMATION OF BREAK EVEN POINT**

Rs in Lakhs

Particulars	1	2	3	4	5
Capacity utilization	70%	80%	85%	90%	100%
Break-even point	80%	77%	73%	65%	61%
Break even Production	1002	1105	1116	1048	1104

• **DEBT SERVICE COVERAGE RATIO**

Rs in Lakhs

Particulars	1	2	3	4	5
Capacity utilization	70%	80%	85%	90%	100%
DSCR	3.62	2.87	3.29	4.71	5.88
Average DSCR	4.07				
DSCR weighted average	3.90				

• **WORKING CAPITAL REQUIREMENTS**

Rs in Lakhs

Particulars	1	2	3	4	5
Capacity utilization	70%	80%	85%	90%	100%
Variable Cost	604.85	691.24	734.46	777.78	864.08
Fixed Cost	16.73	18.67	19.24	19.03	20.51
Working capital Gap	6.00	6.86	7.31	7.76	8.64