**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 meterand the required quantity **of** country hanks of coir yarnare 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 PRESUMTIONS**
* 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 | *Tons* | 1800 | 1800 | 1800 | 1800 | 1800 |
| Capacity utilization |  | 70% | 80% | 85% | 90% | 100% |
| Annual production quantity | *Tons* | 1260 | 1440 | 1530 | 1620 | 1800 |
| **Annual Sales Realization** | *Rs. 50,000* | 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 | 15.30 | 16.20 | 18.00 |
| 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 |