

Watch Strap Metallic

PRODUCT CODE	: 349906009
QUALITY AND STANDARDS	: Buyers'/Manufacturers' own specifications
PRODUCTION CAPACITY	: Qty. : 30,000 Nos. (per annum) Value : Rs. 13,44,000
MONTH AND YEAR OF PREPARATION	: April, 2003
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INTRODUCTION

There are many types of Watch Straps, made of Leather, Nylon, Stainless Steel and Brass etc. Watch straps are made in various designs including ornamental one, being used by the public now a days. In this Project Profile, it is intended to manufacture stainless steel watch straps out of stainless steel sheet scrap and wire. Since the scrap of required gauge is easily available from the manufacturers of stainless steel utensils, it is comparatively more profitable than manufacturing these items out of virgin stainless steel sheets or coil.

MARKET POTENTIAL

Wrist watch has become necessity for the present day life of human beings. It is being used by people from all walks

of life, male, female, educated, uneducated, young and old etc. Watch strap being an integral part of wrist watch, it has a good market for supply to meet original demand and in the replacement market. Apart from the large scale wrist watch manufacturers, such as Titan, HMT, Maxima, Allwyn, Timex etc., a good number of small scale units in many States have also come up with their phased production programme for wrist watches. The demand for the production of the item is therefore likely to increase rapidly in near future. Further, due to durability of the product it is preferred over all other types of straps.

Moreover, due to fast changes in the design and liking of people, there is good replacement prospects for the product as well. Therefore, there is a good and assured future for the product.

BASIS AND PRESUMPTIONS

- (i) This report is worked out on 75% capacity utilization, on single shift and 300 working days per year.
- (ii) The machinery and equipment are of standard make.
- (iii) The cost of raw materials and other expenditure is approximate and based on current market rates.
- (iv) The period for achieving envisaged capacity utilization estimated to be one year after commencement of trial production.
- (v) Interest rate for fixed and working capital has been calculated at 16% per annum.
- (vi) Pay back period would commence after a period of 12 months and the repayment period is estimated as 3 years.

IMPLEMENTATION SCHEDULE

1. The entrepreneur has to arrive at a decision in order to select this product. The guiding factor in this regard would be the market potential, demand and supply gap and availability of resources. It may take 2 to 3 weeks.
2. After selecting the product, the entrepreneur has to get provisional registration from DIC, so that he can apply for allotment of land, power, etc.
3. In order to obtain financial assistance from the financial Institutions like Commercial Banks or State Financial Corporations, a detailed project report is required to be prepared.

On the basis of the report financial Institutions may take 8 to 10 weeks' time for sanctioning and disbursing the loan. Accordingly, orders for plant and machinery may be finalized and placed. Simultaneously, orders for purchase of raw materials are also to be finalized and recruitment of key staff is to be done. This would require 3 to 4 weeks.

4. The plant and machinery received may be installed and commissioned within 4 to 6 weeks time and the Workshop staff should also be recruited. The production may be commenced after trial run of the installed plant and machinery.

TECHNICAL ASPECTS

Process of Manufacture

The Metallic Watch Straps consist of 7 to 8 components according to its design. These components are made by balaking, piercing, and binding as per the requirements, and then these components are sent for assembly to form a chain. These chain pieces are grounded to size on a surface grinder. Mat finish on the straps can also be given by using surface grinder. After mating, straps may be polished on a buffing lathe. Links, locks and barrels are fitted to these pieces with the help of spring loaded pins. Then these assembled straps are cleaned in kerosene oil to remove the luster particles. Finally, the final buffing is done to give polishing touch on straps. These straps are packed suitably and marketed.

Quality Control and Standards

Most of the watch manufacturers like Titan, HMT, Alwyn, Maxima, Timex etc., have formulated their own specifications and design for this product, and these may be obtained from them for supply to them. However, in view of sophistication and individual liking the appearance of the straps must be good and have free link movement and reliable locking system along with appropriate polish.

Production Capacity (per annum)

Quantity	30,000 nos.
Value	Rs. 13,44,000

Motive Power 15 HP.

Pollution Control

The activity does not create any pollution. However, proper ventilation is provided for safe working conditions.

Energy Conservation

General awareness is required for energy conservation.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building	(In Rs.)
400 sq. meter (rented)	4,500

(ii) Machinery and Equipment

Sl. No.	Description	Ind/ Imp	Qty. Nos.	Rate (Rs.)	Total (In Rs.)
1.	Inclinable Power Press 10 Tonnes with 5 HP Motor	Ind.	1	35,000	35,000
2.	Power Press with 2 HP Motor	-do-	2	20,000	40,000
3.	Bench Drill 12 mm cap.	-do-	1	4,000	4,000

Sl. No.	Description	Ind/ Imp	Qty. Nos.	Rate (Rs.)	Total (In Rs.)
	With 0.5 HP motor.				
4.	Buffing lathe with 1 HP Motor.	-do-	1	8,000	8,000
5.	Disc and Belt sand grinding Machine, 1200 mm x 150 mm with endless belt, titling type table and with 0.5 HP motor.	-do-	1	8,000	8,000
6.	Pedestal grinder 200 mm wheel dia. with 0.5 HP motor.	-do-	1	4,000	4,000
7.	Surface grinder, table size 550 mm x 200 mm with 1 HP motor.	-do-	1	50,000	50,000
8.	Work bench, Vice, Hand tools, Dies, Punches, Measuring tools etc.	-do-	L.S.	-	30,000
9.	Installation and Electrification @ 10% of the cost of Machines	-	-	-	17,900
10.	Office furniture and equipments.	-	-	-	15,000
(iii)	Pre-operative Expenses	-	-	-	5,000
	Total				2,16,900
	Say				2,17,000

B. Working Capital (per month)

(i) Personnel

Sl. No.	Designation	Nos.	Salary (Rs.)	Amount (In Rs.)
1.	Manager	1	4,000	4,000
2.	Supervisor-Cum-Inspector	1	3,000	3,000
3.	Skilled Workers	4	2,500	10,000
4.	Un-Skilled Workers	4	2,000	8,000

Sl. No.	Designation	Nos.	Salary (Rs.)	Amount (In Rs.)
5.	Clerk-cum-Accountant	1	2,500	2,500
6.	Peon	1	2,000	2,000
7.	Chowkidar/Watchman	1	2,000	2,000
	Total			31,500
	Additional perquisites @ 15%			4,725
	Total			36,225
	Say			36,200

(ii) Raw Materials

Sl. No.	Description	Qty.	Rate (Rs.)	Amount (In Rs.)
1.	Stainless Steel/Scrap 16/20/26/28/30 SWG	0.9 MT	34,000	30,600
2.	Spring Bars and Link Bars	108	40	4,320
3.	Packaging Material	L.S.	-	1,080
	Total			36,000

(iii) Utilities (In Rs.)

Electric Power @ 4 per unit		2,500
Water Charges	L.S.	350
Total		2,850

(iv) Other Contingent Expenses (Rs.)

Rent	4,500
Transport and Cartage Charges	500
Postage and Stationery	300
Telephone	1,000
Publicity	300
Insurance/Taxes	100
Repair and Maintenance	400
Miscellaneous Expenses	500
Total	7,600

(v) Total Recurring Expenditure (per month)

$$((i) + (ii) + (iii) + (iv)) = \text{Rs. } 82,650$$

(vi) Total Working Capital for 3 Months

$$3 \times 82650 = \text{Rs. } 2,47,950$$

$$\text{Say } 2,48,000$$

C. Total Capital Investment

(i) Fixed Capital	Rs. 2,17,000
(ii) Working Capital (for 3 months)	Rs. 2,48,000
Total	Rs. 4,65,000

FINANCIAL ANALYSIS

(1) Cost of Production (per year) (In Rs.)

Recurring Expenditure	9,92,000
Depreciation on Machinery and Equipments @ 10%	17,900
Depreciation on Office Furniture @ 20%	3,000
Interest on total capital investment @ 16%	74,400
Total	10,87,300
Say	10,87,000

(2) Turnover (per year)

Sl. No.	Item	Qty.	Rate (Rs.)	Total (In Rs.)
1.	Stainless Steel Watch Straps	30000 Nos.	44 each	13,20,000
2.	Sale of Scrap	2 MT	12000	24,000
	Total			13,44,000

(3) Net Profit (per year) (Before Taxation)

$$\begin{aligned} \text{Profit} &= \text{Turnover} - \text{Cost of Production} \\ &= \text{Rs. } 13,44,000 - 10,87,000 \\ &= \text{Rs. } 2,57,000 \end{aligned}$$

(4) Net Profit Ratio

$$\begin{aligned} &= \frac{\text{Net Profit per year} \times 100}{\text{Turnover per year}} \\ &= \frac{257000 \times 100}{1344000} \\ &= 19.12\% \end{aligned}$$

(5) Rate of Return

$$\begin{aligned} &= \frac{\text{Net Profit per year} \times 100}{\text{Total Capital Investment}} \\ &= \frac{257000 \times 100}{4,65,000} \\ &= 55.26\% \end{aligned}$$

(6) Break-even Point

Fixed Cost	(In Rs.)
Rent	54,000
Depreciation on Machinery	17,900
Depreciation on office furniture	3,000
Interest on total capital investment	74,400
40% of Salary and Wages	1,73,760
40% of other contingent expenses (excluding rent)	14,880
Total	3,37,940
Say	3,38,000

B.E.P.

$$\begin{aligned}
 &= \frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Profit}} \\
 &= \frac{338000 \times 100}{338000 + 257000} \\
 &= \frac{338000 \times 100}{595000} \\
 &= 56.8\%
 \end{aligned}$$

Addresses of Machinery Equipment Suppliers

1. M/s. SARB Presses Pvt. Ltd.
P. No. 52, Sector-24,
Faridabad-121001 (Haryana)

2. M/s. Gurusharan Industries
920, New Colony,
Opp. Railway Station (Old),
Faridabad-121001 (Haryana).
3. M/s. Lefoot Machines Pvt. Ltd.
110 (N.P.), SIDCO Industrial
Estate, Ambattur,
Chennai - 98.
4. M/s. Imperial Products of India
414-A, Industrial Area - II,
Chandigarh - 160002.
5. M/s. Atlas Works Pvt. Ltd.
S. No. 119,
Ribbon Street,
Kolkata.
6. M/s. International Machine Tools
Corporation
5 Bank Street,
P.O. Box No. 799,
Behind State Bank,
Fort, Mumbai - 400023.

Raw Materials Available in the Local Market.