Neck – Ties

PRODUCT CODE	:	264104005
QUALITY AND STANDARDS	:	The product is a fashion item and there is no BIS specification for this item, however, quality of the product depends upon the quality of the fabric.
MONTH AND YEAR OF PREPARATION	:	May, 2003
PREPARED BY	:	Small Industries Service Institute Opp. Okhla Industrial Estate, New Delhi-110020

Introduction

Ties are considered as item of fashion. Ties has been finding exceptionally good acceptance among the sales representatives, doctors, CEO's, Engineers, Hotel servants and others such as college and school students. Shirts worn without ties are considered as incomplete. Wearing of ties improves one's personality and respect. Ties are classified into two types, which are bow ties and neck ties. The former one are generally worn by hotel waiters whereas the later are worn by people mentioned above.

Ties are made from various types of fabrics and most popular fabrics that are used for the manufacture of ties are cotton, viscose, silk fabrics and their blends. Manufacturing of ties is very easy and anyone knowing tailoring and managing a unit can venture into this industry. The raw material and machinery required for the manufacture of ties are abundantly available. In this report, an attempt has been made to provide sufficient information for setting up of tie manufacturing units.

Market Potential

In recent years almost all the countries in the world are witnessing lot of changes in life style of people. Present life style is witnessing very fast changes in wearing fashion garments. The demand for fashion garments is very huge due to shifting of wearing fashion garments from elite people to common persons. Among various fashion garments, tie occupies an important place. There are very less number of units engaged in the manufacture of ties and as such demand and supply gap is getting wider. Tie have its own market demand from various market segments. Main customers for ties are Doctors, CEOs, Sales representatives, waiters in star hotels, reception counters and executives.

Basis and Presumptions

1. This project is based on single shift basis and 300 working days in a year.
2. The rental value indicated in the

project is Rs. 20 per sq. mt. It may be less in small cities and towns.

3. The cost of machinery and equipments/materials indicated refers to particular make and approximately to those prevailing at the time of preparation of this project.
4. The cost of installation and electrification is taken @ 10% of cost of machinery and equipment.
5. Non refundable deposits, project report, cost, trial production, security deposits with electricity board are classified under pre-operative expenses.
6. Depreciation has been considered:
   (a) on plant and machinery @ 10%
   (b) on office furniture & fixtures @ 20%
7. Interest on capital investment has been taken @18% per annum on borrowing amount.
8. Minimum 25% of total investment is required as margin money.

IMPLEMENTATION SCHEDULE

Sl.No. Activity	*Period*
1. Selection of site/working shed	1 month
2. Preparation of feasibility report	1 month
3. Registration with commissioner of Industries/DIC	1 month
4. Arrangement of finance (term loan and working capital)	3 months
5. Procurement of machinery and equipment	1 month
6. Plant erection and electrification	2 weeks
7. Arrangement of raw material including packaging material	1 month
8. Miscellaneous works like power/water connection etc.	2 months

Note: Considering that some of the above activities may be overlapping, the project implementation will take a period of 4 months approximately for starting the production.

TECHNICAL ASPECTS

Process of Manufacture

Before starting the stitching operations, fabrics of required quality are placed on the cutting table in layers and lay mark is prepared on top of the fabric layer and these layers are perfectly cut as per the mark without any distortion in cutting. The panels after cutting are taken out from the table and supplied to the skilled tailors for stitching. After the stitching, ironing is done with the aid of electric iron. Ironing is an important process by which ties are given proper and final shape. Ties are finally checked for any objectionable faults and packed for marketing.

Quality Control and Standards

This product is consumable item and having different designs and colours and its combinations depending upon the demand of the consumers. So standard specifications of appropriate quality is not possible. However, to manufacture better quality, good quality fabrics and other materials are to be used.

Production Capacity (per annum)

	Qty. (pcs)	Value(Rs.)
Ties of different sizes	105000	21,00000

Motive Power

Power required to run this industry will be 5 HP.

Pollution Control

This industry does not involve any pollution.

Energy Conservation

Power requirement is very low, even then energy can be saved by proper house keeping.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building	
Covered area	100 Sq.mt.
Rent @ Rs. 25/ sq.mt	2500

(ii) Machinery and Equipments

Sl. No.	Description	No.	Rate (Rs.)	Amount (Rs.)
1.	Eastern straight bar cloth cutting machine with motor	1	65,000	65,000
2.	Power operated single needle lock sewing machine	10	300	30,000
3.	Electric iron	4	2000	8000
4.	Table and workshop items	LS	15,000	15,000

(iii) Other Fixed Assets		(Rs.)
a.	Erection and installation	10,300
b.	Office furniture	10000
c.	Pre-operative expenses	15,000
	Total	35300
	Total Fixed Capital	153300

B. Working Capital (per month)

(i) Staff and labour wages

Sl. No.	Designation	Nos.	Rate (Rs.)	Amount (Rs.)
1.	Manager/Designer	1	5000	5000
2.	Clerk/Typist	1	2500	2500
	Total			7500
	Production Staff			
1	Cutting Master	1	4000	4000
2.	Skilled workers	10	3000	30,000
3.	Helpers	2	2000	4000
	Total			38000
	S.Total			45500
	Perquisites @ 20%			9100
	G. Total			54600

(ii) Raw Material

Sl. No.	Description	Unit	Qty.	Rate/ Unit (Rs.)	Amount (Rs.)
1.	Synthetic fabrics of different colours, shades and design	Mts.	1500	45	67500
2.	Sewing thread labels of different colours and shades	Mts.	LS	3000	3000
3.	Packing materials	Nos.	LS	8000	8000
	Total				78500

(iii) Utilities	(Rs.)
Electricity Bill	2400
Water charges	200
Total	2600

(iv) Other Contingent Expenses	(Rs.)
1. Rent	2500
2. Postage/Stationery	500
3. Repairs and maintenance	429
4. Transport /travelling charges	500
5. Insurance	200
6. Misc.	1000
Total	5129

(v) Total Recurring Expenses (per month)Rs. 140829

(vi) Total Working Capital (for 3 months)Rs. 422488

C. Total Capital Investment

1. Machinery and equipment	Rs. 153300
2. Working capital (for 3 months)	Rs. 422488
Total	Rs. 575788

MACHINERY UTILISATION

Capacity utilisation is considered as 70% of installation capacity.

FINANCIAL ANALYSIS

(1) Cost of Production (per year)	(Rs.)
Recurring expenses	1689950
Depreciation on machinery @ 10%	10300
Depreciation on Office furniture @20%	2000
Interest on total investment @18%	103642
Total	1805892

(2) Turnover (per year)	Qty. (pcs)	Rate/ (Pc.)	Total (Rs.)
Ties of synthetic fabrics	105000	20	2100000

(3) Net Profit (per year) Rs. 294108

(4) Net Profit Ratio (Net Profit/ Turnover (per year) 14.01

(5) Rate of Return on Investment (Net Profit/Total Capital Investment) 51.08

(6) Break-even Point

Fixed Cost	(Rs.)
Depreciation	12300
Rent	30000
Interest on capital investment	103642
40% of wages of staff and labour	262080
40% of other expenses	25100
Insurance	2400
Total	435522

B. E. P.

$$= \frac{\text{FC} \times 100}{\text{FC + Profit}}$$

$$= 59.69\%$$