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PROJECT REPORT

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PROJECT:

Crepe Bandage Making Unit

PROJECT REPORT OF CREPE BANDAGE MAKING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Crepe Bandage Making Unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

PROJECT AT GLANCE

1 Name of Proprietor/Director

XXXXXXXXXX

2 Firm Name

XXXXXXXXXX

3 Registered Address

XXXXXXXXXX

4 Nature of Activity

XXXXXXXXXX

5 Category of Applicant

XXXXXXXXXX

6 Location of Unit

XXXXXXXXXX

7 Cost of Project

22.78 Rs. In Lakhs

8 Means of Finance

i) Own Contribution

2.28 Rs. In Lakhs

ii) Term Loan

13.50 Rs. In Lakhs

iii) Working Capital

7.00 Rs. In Lakhs

9 Debt Service Coverage Ratio

3.35

10 Break Even Point

0.37

11 Power Requirement

15 KW

12 Employment

11 Persons

13 Major Raw Materials

Cotton Yarn or Cotton
Fabric, Unbleached cotton
material

14 Details of Cost of Project & Means of Finance

Cost of Project

Particulars	Amount in Lacs
Land	Owned/Leased
Building & Civil Work	Owned/Leased
Plant & Machinery	13.50
Furniture & Fixture	0.50
Other Misc Assets	1.00
Working Capital Requirement	7.78
Total	22.78

Means of Finance

Particulars	Amount in Lacs
Own Contribution	2.28
Term Loan	13.50
Working capital Loan	7.00
Total	22.78

CREPE BANDAGE

1. INTRODUCTION



Crepe bandages are used where light support is required as, in the treatment of strains and sprains and also in the bandaging of viscose veins where slight compression is required. They permit limited movement and yield to swell so that circulation is not adversely affected. Crepe bandage is used for dressing of varicose veins, weak ankles, legs, knees, and wrists in case of sprains and other conditions in which light support is required. The length-wise elasticity is due to the presence in the warp of twisted cotton yarns, both S and Z twist yarns being used in equal numbers. Cotton and wool yarns are used. Bandages can be classified in several different ways but possibly the most useful method is one based upon their function. Crepe bandages are also called short or minimal stretch bandages, which are manufactured from cotton or cotton and viscose, and which show considerable variability in performance. They are used to prevent the formation of oedema and give support in the management of mild sprains and strains.

Woven light support bandages are used for sprains or strains. The elasticated properties of these bandages are obtained by weaving cotton crepe yarns that have twist content. Similar properties can also be achieved by a combination of two warp sets with normal and high tension. Light support bandages are used for sprained wrist or ankle support. Crepe bandage comes in various sizes such as 6cm, 8cm, 10 cm, and 15 cm. According to the size application of this bandage can be varied. Whether in weave or knitted form, the crepe cotton bandage comes in a non-jointed, continuous length. The length, width, and weight are variable, depending on the requirement and purpose. It may have fast edges or may need to be fastened with clips. Crepe bandages come in bleached and unbleached forms. It is also possible to get them in different colors for a better aesthetic appearance, the main colors being white, off-white, and a light tan. They can be purchased in non-sterile and sterile packages; in individual, cellophane-wrapped packing; and in blister packages.

2. PRODUCT DISCRPTION

2.1 PRODUCT USES

A crepe bandage is a light-support lightweight bandage that is generally applied to provide warmth, insulation, and support in a variety of medical health situations. It can be used to treat sprains and strains, to help correct fractures and other bone problems in orthopaedics, to serve as a compression bandage to support already bandaged varicose veins, and to support surgical gauze bandage dressings. The main institutional consumers of crepe bandages are hospitals. Clinics and nursing homes.

2.2 RAW MATERIAL REOUIREMENT

- Yarn:** Cotton or a mixture of rayon and cotton shall be used in the manufacture of crepe bandages. The material used to make a crepe bandage is usually cotton, cotton mixed with wool, or cotton mixed with rayon. Bandages are still manufactured with latex, many woven and knitted elastic bandages provide adequate compression without the use of natural rubber or latex. Single 30 number Yarn is the most used raw yarn for this product manufacturing.



- ⋮ **Other:** Fabric Dye color, Liquid soap, Hydrogen peroxide, Bleach, Packing material, etc.



2.3 MANUFACTURING PROCESS

This process can be broken down into the following steps-

- ⋮ **Raw material procurement**
- ⋮ **Manufacturing Process**
- ⋮ **Testing**

Raw Material Procurement

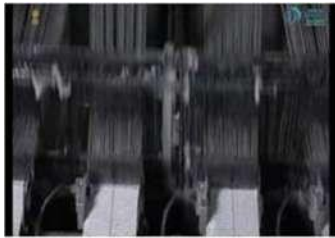
The raw materials are checked strictly as per established quality standards and requirements. Individual supplier assessment and supplier rating are done depending upon the rejection levels at the incoming quality control stage. Sorting of raw material will be done as per material type or specifications. The material will be stored in; dust-free, moisture-free, neat, and clean environment.

Process of Manufacture

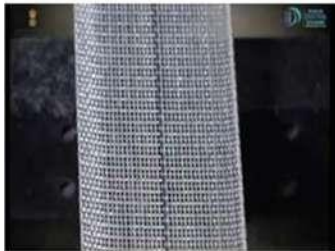
- 1. Yarn preparing:** First of all, yarn doubling will be performed. Cotton and rayon yarn will be spun together.

twisting machine yarn twisting will be done.

3. **Warping:** The yarn, in its raw form is soft & breakable. It can get easily entangled. The main objective of warping is to prepare a warp fabric of the desired length containing the desired number of yarns that are wrapped on a flanged barrel in such a manner that tension in each yarn and density of yarn mass in the cylindrical assembly is maintained within a given tolerance level throughout the wrapping of the warp beam. By warping process, yarn quality increase, wound up the fixed length of yarn on weavers beam. Increase the weavability of yarn. For example, to make 1 inch/cm crepe fabric, 42 yarn picks should be placed for warping. The Yarn is laid on the loom and it is prepared for weaving where the long thread tana, intersects with bana, the shorter one, warping is also called 'tana bana'.
4. **Weaving:** The fabric is made of a plain weave in which two folded, crepe twisted cotton threads form the warp, and a mix of cotton and wool threads or cotton and rayon threads forms the weft.
5. **Dyeing:** The bandage is dyed to give it color. It is usually done with acid dyes or with die powders. Before the dyeing the bandage is put in boiling soap water to give the product a shiny texture. It is only after this, that the bandage is bleached and dyed by stirring. It may be dyed flesh colored with a suitable non-toxic dye.
6. **Drying:** After dyeing the bandages will be placed into a drying machine where up to 75% of moisture will be removed. Then these bandages will be placed in an oven or dryer to get 100% dried bandages.
7. **Cutting:** Bandages will be cut in required size manually or by cutting machine.
8. **Packing:** The bandage shall be rolled and packed suitably to prevent contamination from dust. The package shall be marked with the following information: a) Name and trade-mark of the manufacturer; b) Colour, if any; c) Width and stretched length; and d) Batch number. Packages may also be marked with the ISI Certification Mark.



Doubling, Twisting, Warping



Weaving, Dyeing, Drying, Packing

Testing

Quality control: Conditioning, Stretchability will be tested.

2.4 YIELD OF PRODUCT/PRODUCTION RATIO

The basis for calculation of production capacity is on a single shift basis. The crepe bandage manufacturing process will be semi or fully automatic. With the given resources, the total production capacity will be approx. 300-500 NOS/day. Product capacity can be depended upon the manufacturing plant or infrastructure.

3. PROJECT COMPONENTS

3.1 Land /Civil Work

The land required for this manufacturing unit will be approx. around 2000 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.25000 to Rs.30000 per month.

Land and building requirement may vary depending on the size of project

3.2 Plant & Machinery

Basic machinery requirement are as follows:

3.2.1 Needle Loom Machine

This machine is used for yarn twisting purpose. This machine provides elasticity to raw yarn.



3.2.2 Warping machine

This machine is used for warping process.



3.2.2.1 Crepe bandage weaving machine

This machine is used for crepe bandage weaving.



3.2.2.2 Dryer

This machine is used for drying the dyed bandages.



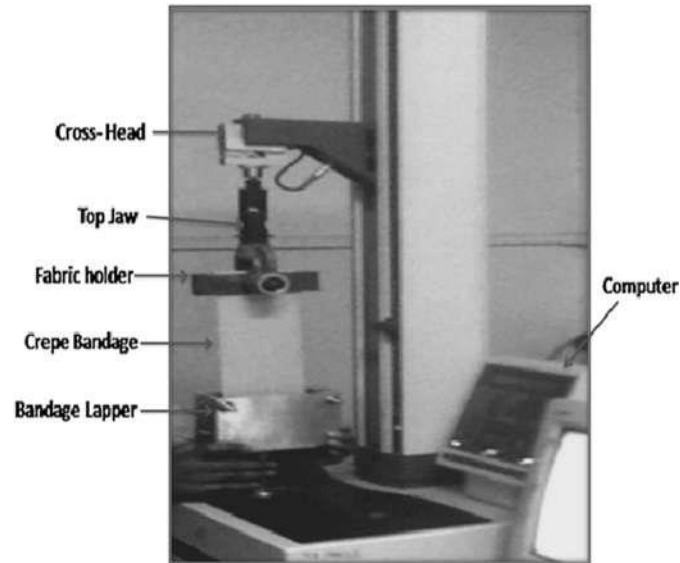
3.2.2.3 Winder

This machine is used for bandage winding.



3.2.2.4 Testing Machine

This machine is used to test quality of crepe bandage.



Other Equipment's:

- Conveyors
- Trays
- Racks

NOTE: The aforesaid cost of plant and machinery is inclusive of GST and other transportation cost.

3.3 Power Requirement

This manufacturing facility can work with a three-phase AC power supply. For machinery and other electrical utilities, 15-20 KW power will be required for the above-mentioned capacity plant.

3.4 Manpower Requirement

Human Resource required this manufacturing unit would be around 10-15 people which includes skilled and unskilled workforce, admin staff, supervisors, accountants and other employees.

3.5 Other Utilities

General electrical apparatus, Water, telephone etc.

4. LICENSE AND APPROVALS

- GST registration.
- MSME Udyam registration.
- Drug Manufacturing License
- Choice of a Brand Name of the product and secure the name with Trademark if required

PROJECTED BALANCE SHEET						(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	
<u>Liabilities</u>						
Capital						
Opening Balance		4.54	7.68	17.00	20.62	
Add:- Own Capital	2.28					
Add:- Retained Profit	4.76	6.64	9.32	11.87	13.75	
Less:- Drawings	2.50	3.50	5.50	8.25	9.00	
			5.50			
Closing Balance	<u>4.54</u>	<u>7.68</u>	<u>17.00</u>	<u>20.62</u>	<u>25.37</u>	
Term Loan	12.00	9.00	6.00	3.00	-	
Working Capital Limit	7.00	7.00	7.00	7.00	7.00	
Sundry Creditors	2.99	3.37	3.81	4.26	4.73	
Provisions & Other Liabilities	0.50	0.75	1.00	1.50	1.88	
TOTAL :	27.03	27.80	34.81	36.38	38.97	
<u>Assets</u>						
Fixed Assets (Gross)	15.00	15.00	15.00	15.00	15.00	
Gross Depreciation	2.23	4.12	5.73	7.10	8.27	
Net Fixed Assets	12.78	10.88	9.27	7.90	6.73	
Current Assets						
Sundry Debtors	4.57	5.44	6.12	6.84	7.58	
Stock in Hand	7.56	8.81	9.93	11.09	12.31	
Cash and Bank	0.62	1.42	2.24	2.90	4.35	
Loans and advances	1.50	1.25	1.75	2.15	2.50	
TOTAL :	27.03	27.80	29.31	30.88	33.47	

PROJECTED PROFITABILITY STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
BANDAGE	91.39	108.76	122.42	136.70	151.61
Total	91.39	108.76	122.42	136.70	151.61
COST OF SALES					
Raw material cost	59.80	67.50	76.13	85.18	94.64
Electricity Expenses	1.26	1.66	1.81	1.97	2.12
Depreciation	2.23	1.89	1.61	1.37	1.17
Wages & labour	9.36	9.83	10.32	10.84	11.38
Repair & maintenance	0.91	1.09	1.22	1.37	1.52
Consumables	4.57	5.44	6.12	6.84	7.58
Packaging cost	1.83	2.18	2.45	1.37	1.52
Cost of Production	79.96	89.58	99.67	108.92	119.91
Add: Opening Stock	-	4.57	5.44	6.12	6.84
Less: Closing Stock	4.57	5.44	6.12	6.84	7.58
Cost of Sales	75.39	88.71	98.98	108.20	119.17
GROSS PROFIT	16.00	20.04	23.43	28.50	32.44
GROSS PROFIT RATIO	17.51%	18.43%	19.14%	20.85%	21.40%
Salary to Staff	3.12	3.28	3.44	3.61	3.79
Interest on Term Loan	1.33	2.07	0.84	0.51	0.18
Interest on working Capital	0.77	0.77	0.77	0.77	0.77
Rent	4.20	4.41	4.85	5.34	5.87
Selling & Administration Expenses	1.83	2.45	3.06	4.10	4.93
TOTAL	11.24	12.97	12.96	14.33	15.54
NET PROFIT	4.76	7.07	10.47	14.17	16.90
Taxation	-	0.43	1.15	2.30	3.15
PROFIT (After Tax)	4.76	6.64	9.32	11.87	13.75
NET PROFIT RATIO	5.21%	6.10%	7.62%	8.68%	9.07%

PROJECTED CASH FLOW STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.28				
Net Profit	4.76	7.07	10.47	14.17	16.90
Depreciation & Exp. W/off	2.23	1.89	1.61	1.37	1.17
Increase in Cash Credit	7.00	-	-	-	-
Increase In Term Loan	13.50	-	-	-	-
Increase in Creditors	2.99	0.38	0.43	0.45	0.47
Increase in Provisions & Other liabilities	0.50	0.25	0.25	0.50	0.38
TOTAL :	33.25	9.60	12.77	16.49	18.92
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.00				
Increase in Stock	7.56	1.25	1.11	1.17	1.22
Increase in Debtors	4.57	0.87	0.68	0.71	0.75
Increase in loans and advances	1.50	- 0.25	0.50	0.40	0.35
Repayment of Term Loan	1.50	3.00	3.00	3.00	3.00
Drawings	2.50	3.50	5.50	8.25	9.00
Taxation	-	0.43	1.15	2.30	3.15
TOTAL :	32.63	8.80	11.94	15.83	17.47
Opening Cash & Bank Balance	-	0.62	1.42	2.24	2.90
Add : Surplus	0.62	0.80	0.82	0.66	1.45
Closing Cash & Bank Balance	0.62	1.42	2.24	2.90	4.35

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	6.98	8.53	10.94	13.24	14.92
Interest on Term Loan	1.33	2.07	0.84	0.51	0.18
Total	8.31	10.60	11.78	13.75	15.09
<u>REPAYMENT</u>					
Instalment of Term Loan	1.50	3.00	3.00	3.00	3.00
Interest on Term Loan	1.33	2.07	0.84	0.51	0.18
Total	2.83	5.07	3.84	3.51	3.18
DEBT SERVICE COVERAGE RATIO	2.94	2.09	3.07	3.92	4.75
AVERAGE D.S.C.R.	3.35				

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance	-					
	1st month		13.50	13.50	-	-	13.50
	2nd month	13.50	-	13.50	0.12	-	13.50
	3rd month	13.50	-	13.50	0.12	-	13.50
	4th month	13.50	-	13.50	0.12	-	13.50
	5th month	13.50	-	13.50	0.12	-	13.50
	6th month	13.50	-	13.50	0.12	-	13.50
	7th month	13.50	-	13.50	0.12	0.25	13.25
	8th month	13.25	-	13.25	0.12	0.25	13.00
	9th month	13.00	-	13.00	0.12	0.25	12.75
	10th month	12.75	-	12.75	0.12	0.25	12.50
	11th month	12.50	-	12.50	0.11	0.25	12.25
	12th month	12.25	-	12.25	0.11	0.25	12.00
					1.33	1.50	
2nd	Opening Balance						
	1st month	12.00	-	12.00	0.11	0.25	11.75
	2nd month	11.75	-	11.75	0.11	0.25	11.50
	3rd month	11.50	-	11.50	0.11	0.25	11.25
	4th month	11.25	-	11.25	0.10	0.25	11.00
	5th month	11.00	-	11.00	0.10	0.25	10.75
	6th month	10.75	-	10.75	1.00	0.25	10.50
	7th month	10.50	-	10.50	0.10	0.25	10.25
	8th month	10.25	-	10.25	0.09	0.25	10.00
	9th month	10.00	-	10.00	0.09	0.25	9.75
	10th month	9.75	-	9.75	0.09	0.25	9.50
	11th month	9.50	-	9.50	0.09	0.25	9.25
	12th month	9.25	-	9.25	0.08	0.25	9.00
					2.07	3.00	
3rd	Opening Balance						
	1st month	9.00	-	9.00	0.08	0.25	8.75
	2nd month	8.75	-	8.75	0.08	0.25	8.50
	3rd month	8.50	-	8.50	0.08	0.25	8.25
	4th month	8.25	-	8.25	0.08	0.25	8.00
	5th month	8.00	-	8.00	0.07	0.25	7.75
	6th month	7.75	-	7.75	0.07	0.25	7.50
	7th month	7.50	-	7.50	0.07	0.25	7.25
	8th month	7.25	-	7.25	0.07	0.25	7.00
	9th month	7.00	-	7.00	0.06	0.25	6.75
	10th month	6.75	-	6.75	0.06	0.25	6.50
	11th month	6.50	-	6.50	0.06	0.25	6.25
	12th month	6.25	-	6.25	0.06	0.25	6.00
					0.84	3.00	

4th Opening Balance						
1st month	6.00	-	6.00	0.06	0.25	5.75
2nd month	5.75	-	5.75	0.05	0.25	5.50
3rd month	5.50	-	5.50	0.05	0.25	5.25
4th month	5.25	-	5.25	0.05	0.25	5.00
5th month	5.00	-	5.00	0.05	0.25	4.75
6th month	4.75	-	4.75	0.04	0.25	4.50
7th month	4.50	-	4.50	0.04	0.25	4.25
8th month	4.25	-	4.25	0.04	0.25	4.00
9th month	4.00	-	4.00	0.04	0.25	3.75
10th month	3.75	-	3.75	0.03	0.25	3.50
11th month	3.50	-	3.50	0.03	0.25	3.25
12th month	3.25	-	3.25	0.03	0.25	3.00
				0.51	3.00	
5th Opening Balance						
1st month	3.00	-	3.00	0.03	0.25	2.75
2nd month	2.75	-	2.75	0.03	0.25	2.50
3rd month	2.50	-	2.50	0.02	0.25	2.25
4th month	2.25	-	2.25	0.02	0.25	2.00
5th month	2.00	-	2.00	0.02	0.25	1.75
6th month	1.75	-	1.75	0.02	0.25	1.50
7th month	1.50	-	1.50	0.01	0.25	1.25
8th month	1.25	-	1.25	0.01	0.25	1.00
9th month	1.00	-	1.00	0.01	0.25	0.75
10th month	0.75	-	0.75	0.01	0.25	0.50
11th month	0.50	-	0.50	0.00	0.25	0.25
12th month	0.25	-	0.25	0.00	0.25	-
				0.18	3.00	
DOOR TO DOOR	60	MONTHS				
MORATORIUM PERIOD	6	MONTHS				
REPAYMENT PERIOD	54	MONTHS				

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