A STUDY ON PROCESS COSTING IN SANGEETH TEXTILES LIMITED, ANNUR.

By

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KUMARAGURU COLLEGE OF TECHNOLOGY

COIMBATORE.

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MASTER OF BUSINESS ADMINISTRATION

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SANGEETH TEXTILES LIMITED

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TO WHOMSOEVER IT MAY CONCERN

This is to certify that S.PRABHU, (Reg.No. 08MBA30) of Final Year MBA student of Kumaraguru College of Technology, Business School, Saravanampatty has undergone the Summer Training Project Work in our organisation for a period of 18.06.2009 TO 03.08.2009

During that period his conduct was good.

FOR SANGEETH TEXTILES LIMITED,

(E.P. RAJENDRAN)
MANAGER

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BONAFIDE CERTIFICATE

Certified that this project titled **"A STUDY ON PROCESS COSTING IN SANGEETH TEXTILES LIMITED, ANNUR"** is the bonafide work of **Mr.PRABHU.S** who carried out this project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not from part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

Ms.S.Sangeetha
Faculty Guide

Prof.Dr.S.V.Devanathan
Director

Evaluated and viva-voce conducted on .....11.09.2009.....

Examiner I

Examiner II

DECLARATION

I hereby declare that the dissertation entitled **"A STUDY ON PROCESS COSTING IN SANGEETH TEXTILES LIMITED, ANNUR "** submitted for the **MASTER OF BUSINESS ADMINISTRATION** degree is my original work and the dissertation has not formed the basis for the reward of any Degree, Associate ship, Fellowship or any other similar titles.

PRABHU.S

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I thank the GOD, Almighty for his blessings bestowed upon me, which gave strength, confidence and health for completing this project.

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EXECUTIVE SUMMARY

In a manufacturing organization producing different types of products it helps the management to decide whether more of a particular commodity can be produced. By providing comparative figures over varying periods it helps the management in tracing and eliminating the wastage and there by effect economies in production costs.

In this study, efforts have been made to conduct a detailed analysis of process costing function in Sangeeth Textiles Limited, Annur. The main objective of the present project is to study process costing of Sangeeth Textiles Limited, Annur, and to give suggestions for better process costing and its control.

The data has been analyzed for the past five years i.e. 2003-2008 . The nature of data was secondary data source pertaining to annual reports of the company. The tools used to analyze the data collected are ratio analysis which is a widely used management accounting techniques.

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CHAPTER-I

INTRODUCTION

A scientific costing provides the management with reliable information necessary for the conduct of its business. In a manufacturing organization producing different types of products it helps the management to decide whether more of a particular commodity can be produced. By providing comparative figures over varying periods it helps the management in tracing and eliminating the wastage and there by effect economies in production costs.

The object of costing is to relate the expenditure of the business to the products manufactured by it. It involves three steps:

1. Expenditure incurred by a business,
2. Ascertainment of costs, and
3. Process of linking the expenditure to the products produced.

The expenditure involved in a concern consists of three items, namely, direct materials, direct labour and overheads. Direct materials cost refers to the cost of raw materials that enter the production to form the finished product. Direct labour cost is the cost of labour engaged to manufacture the product. The other expenses that go to operate and maintain the plant could be termed as overheads. There are different methods of costing such as Unit cost, Job cost, Batch cost, Operating costing and Process costing.

Process costing can be defined as the system by which the various items of cost are ascertained separately for each department through which the raw material passes and by which the costs are apportioned and accumulated as the material passes from one department to another.

This type of costing, that is, ascertaining of cost of production after the product has been produced, is of little use in taking suitable corrective action. To be able to exercises an effective control, it is necessary to know before-hand what each product

According to Charted Institute of Management Accounts (CIMA)., London, defines process cost as follows,

"Process costing is that form of operation costing, where standardized goods and produced".

According to Charles T.Horngren says "Process costing deals with the mass production of like units that usually pass in continuous fashion through a series of production steps called operations or processes."

Processes may be sequential processes where product goes through two or more processes in sequence. Processes also can be parallel processes where two or more processes may have a common prior process or they may have common subsequent process. The flow of product through processes depends on the final product.

Instead of merely collecting and presenting the cost figures to the top management, the cost information should be arranged in such a way to enable the management to take necessary action. For this purpose the person in charge of costing should get himself acquainted with the type of processing adopted in the industry before estimating the cost of production. The system of costing must be such as being adaptable to suit the business. It should not be more elaborate than is absolutely necessary.

1.1 FEATURES OF PROCESS COSTING

Process costing is a method of costing which is used to ascertain the cost of output at each stage of production. Where processes are carried on having one or more of the following features:

(i) Production is done having a continuous flow of identical products except where plant and machinery is shut down for repairs etc

(ii) Clearly defined process cost centers and the accumulation of all costs (material, labour and overheads) by the cost centre.

(iii) The maintenance of accurate records of the units and part units produced and cost incurred by each process.

(iv) The finished product of one process becomes the raw material of the next process or operation and so on until the final product is obtained.

(v) Avoidable and unavoidable losses usually arise at different stages of manufacture for various reasons. Treatment of normal and abnormal losses or gains is to be studied in this method of costing.

(vi) Sometimes goods are transformed from one process to another process not at cost price but at transfer price to compare this with the market price and to have a check on the inefficiency and losses occurring in a particular process.

(vii) In order to obtain accurate average costs, it is necessary to measure the production at various stages of manufacture as all the input units may not be converted into finished goods; some may be in progress. Calculation of effective units is to be seen in this method of costing.

(viii) Different products with or without by – products are simultaneously produced at one or more stages or processes of manufacture. The valuation of by products and apportionment of joint cost before point of separation is an important aspect of this method of costing. In certain industries, by – products may require further processing before they can be sold. A main product of one firm may be a by – product of another firm and in certain circumstances, it may be available in the market at prices which are lower than the cost to the first mentioned

firm. It is essential, therefore, that this cost be known so that advantages can be taken of these market conditions.

(ix) Output is uniform and all units are exactly identical during one or more processes. Therefore, the cost per unit of production can be ascertained only by averaging the expenditure incurred during a particular period.

(x) It is not possible to trace the identity of any particular lot of output to any lot of input materials.

1.2 TYPES OF INDUSTRIES USING PROCESS COSTING

All the industries where production is not on the basic of specific orders, and the output is identical, process costing method can be used. The most common examples:

Mines, Textiles, Chemicals, Sugar, Oil refining, Paper, Food products, etc.

1.3 ADVANTAGES OF PROCESS COSTING

1. It is possible to determine process costs periodically at short intervals. Unit cost can be computed weekly or even daily if overhead rates are used on predetermined basis.
2. Cost control and control over production are more effective because of uniform output and usage of predetermined costs as budgeted or standard costs.
3. It is possible to have managerial control by evaluating the performance of each process.
4. Indirect expenses can be apportioned and allocated more accurately and reliable data can be obtained.
5. The valuation of inventories is easier and accurate.

7. It is easy to quote the prices with standardization of process. Standard costing can be established easily in process type of manufacture.

1.4 DISADVANTAGES OF PROCESS COSTING

The following are the main advantages of process costing:

1. Costs obtained at the end of the accounting period are only of historical value and are not very useful for effective control.
2. Work in progress is required to be ascertained at the end of an accounting period for calculating the cost of continuous process. Valuation of work in progress is generally done on estimated basis which introduces further inaccuracies in total cost.
3. Where different products arise in the same process and common costs are prorated to various cost units. Such individual products costs may be taken as only approximation and hence not reliable but may be taken as the best.
4. The evaluating the efficiency of individual workers or supervisors is difficult.
5. The apportionment of joint costs to common products may lead to irrational pricing decisions.

There is a wide scope of errors while calculating average costs. An error in one advantage cost will be carried through all processes to the valuation of work in process and finished goods.

1.5 FUNDAMENTAL PRINCIPLES OF PROCESS COSTING

The following are the fundamental principles of process costing:

1. Cost of materials, wages and overhead expenses are collected for each process or operation in a period.

2. Adequate records in respect of output of each process is obtained by dividing the total cost incurred during a period by the number of units produced during the period after taking into consideration the losses and amount realized from sale of scrap.
3. The cost per finished product along with its cost is transformed from one process to the next process just like raw materials of that process.

1.6 ELEMENTS OF PRODUCTION COST

The following are the main elements of production cost in process costing.

(i) **MATERIALS**: Generally in process costing all the material required for production is issued to the first process, where after processing it is passed to the next process and so on. Some operation on the material is performed in each process which has been passed from the first process. In some other cases, material may pass from the first process to the second process, where extra or new materials are added, and then more material is added in the next process. This may continue until completion. Sufficient supplies of raw material must be available to meet the production needs. Material may be requisitioned in a prescribed way or bulk requisitions may be issued. When bulk requisitions are used, materials are issued from the stores to the departments in large quantities, where they are held in departmental stock until such time as they are needed.

(ii) **LABOUR:** Generally the cost of direct labour is very small part of the cost of production in industries adopting process costing. The direct labour elements becomes smaller and smaller while the overhead elements increases with the introduction of more and more automatic machinery. The recording and

allocating of time spent on production is relatively easy as compared with job costing. Generally employees are engaged continuously on one process and time spent by them is posted to the debit of the process account. But, if employees are engaged on more than one processes, it will be necessary to record the time spent on each one or an approximate apportionment of the total time will be allocated to each process concerned.

(iii) **PRODUCTION OVERHEAD**: The overhead element of total cost is generally very high in process costing. Great care is required to ensure that each process is charged with a reasonable share of production overhead. The actual overheads are debited to each process account.

For the purpose of cost accounting, process industries are divided into departments, each department representing a particular process. A process may consist of a separate operation or series of operations. A foreman or a supervisor is appointed fro each department. He is responsible for the efficient functioning of his department.

In process costing, a separate account is kept for each process. The account is debited with the value of materials, labour, direct expenses and overheads relating to the process. The value of by-products and scrap, if any, is credited to this account. The balance of this account, representing the cost of partially worked out product, is passed on to the next process and so on until the product is completed. Thus the finished product of one process becomes the raw material of the next process. In some industries, depending upon the plant arrangement, the partially worked out product of a process may be transferred to a process stock account from which it may be issued to the next process as and when required.

1.7 PROCESS LOSSES

In many processes, some loss is inevitable. It is essential that accurate records are maintained to enable control of the items to be affected. The cost department must be kept ell informed through the medium of scrap tickets, material credit notes and loss reports etc. It should be pointed out to the supervisors and foremen that any loss on scrap should be measured and recorded, otherwise production cost will increase. Materials which have been processed and are then found to be defective and scrapped have incurred their share of labour and variable overheads up to the point of rejection, so obviously the loss to the firm increases with each stage of production. It is desirable that scrap should be disposed of immediately as it is usually valued higher than the loose scrap and needs storage space. The loss may arise on account of (a) evaporation, residuals, ash, and swarf. (b) Unavoidable handling, breakage and spoilage losses and (c) withdrawal for testing and inspection. It may be normal or abnormal.

(a.) WASTAGE

According to terminology of cost accounting, I.C.M.A., London, "Waste is discarded substance having no value".

Charles T.Horngren says "Wastage is material that is lost, evaporates or shrinks in a manufacturing process or is a residue that has no measurable recovery value". Thus, wastage has neither recovery value nor has any use.

(b.) SCRAP

According to I.C.M.A.terminology, "Scrap is discarded material having some recovery value which is usually disposed off without further treatment.

Wastage and scrap receive similar accounting treatment. The cost of wastage and scrap are merged with the process cost so that the good units produced bear their cost through averaging. Recovery from scrap reduces the cost of the process.

(c.) NORMAL PROCESS LOSS OR NORMAL WASTAGE

It is the process loss which is unavoidable and avoidable and uncontrollable. It is to be expected in normal conditions of the process. As a part of cost control, management estimates such loss in advance on the basic of past experience. The normal loss should be absorbed by good units produced. The quantity of normal loss is computed and credited to the process account in the unit's column. If the material scraps has some realizable value that is also credited to the process account in the amount column.

A separate normal loss account is opened in the cost ledger. It is debited with the normal loss of different processes. Cash realized from the normal scrap and the scrap value of abnormal gain units are credited to the account. This is necessary because abnormal gain results in reduction of the normal scrap receipts. The account shows no balance.

(d.)ABNORMAL PROCESS LOSS OR ABNORMAL WASTAGE

The process loss is in excess of predetermined loss, such additional loss is called abnormal loss or abnormal wastage. Such loss may be caused by abnormal reasons such as substandard material, faulty tools and equipment, plant breakdown, etc.

Abnormal loss should not be allowed to affect the normal cost of production. Therefore it is valued just like good units produced. The abnormal loss

is controllable and not repetitive in nature. The firm should take all the necessary steps to avoid the recurrence of abnormal loss.

Quantity of Abnormal Loss = Normal Output – Actual Output

Normal Output = Input - Normal Loss

If actual output is less than normal output the balance is a positive figure, representing abnormal loss in units.

Value of Abnormal loss = Normal cost of Normal output *Units of Abnormal Loss

Normal output

Normal Cost of Normal Output = Expenditure of the process – Scrap value of normal loss

A separate account is opened in the cost ledger for abnormal loss. The quantities and values of abnormal loss from different processes are debited to the account. It is credited with the quantity and amount realized from sale of units of abnormal loss is reduced. Balance in abnormal loss account represents total irrecoverable loss and is transferred to costing Profit and Loss Account.

(e.) ABNORMAL GAIN OR ABNORMAL EFFECTIVES

The process loss is less than the predetermined normal loss; the additional output resulting there form is called abnormal gain or Abnormal Effectives. Abnormal Effectives. Abnormal gain can occur because of superior quality material, better workmanship, improved methods, tools and equipments, etc. As a part of cost control process, the causes for abnormal effectives should also be investigated. Where it is warranted, the normal loss percentage can be revised for the future

Quantity of Abnormal Gain = Normal Output – Actual Output

Normal Output = Input - Normal Loss

If actual output is more, the balance is a negative figure, representing abnormal gain in units.

Value of Abnormal Gain = Normal cost of Normal output *Units of Abnormal Gain

Normal output

Normal Cost of Normal Output = Expenditure of the process – Scrap value of normal loss

A separate account is opened in the cost ledger for abnormal gain. The account is credited with units and value of abnormal gains in different processes. It is debited with the loss in scrap value of normal loss which did not materialize because of the occurrence of abnormal gain. The balance in the account is transferred to Profit & Loss Account.

CHAPTER-II

ABOUT THE COMPANY

2.1 INDUSTRY PROFILE

THE SCOPE FOR TEXTILE INDUSTRY IN INDIA

The importance of Indian textile industry is well recognized and one of the areas of strength of this industry is its spinning sector. India has one of the most successful spinning industries of the world with over 37 million spindle and 500000 rotors. In cotton yarn the Indian spinning industry is the world leader contributing over 25% of world trade.

The origin of textile industry in India dates back to 12th century AD. From ancient times, India has been an exporter of fine cotton fabrics to almost all the countries.

The post independence years saw phenomenal growth of the textile industry has become more or less self-sufficient in all respects, whether it be the clothing needs of the growing population, machinery or raw, material but also has gained prestigious slot of the largest foreign exchange earner of the country. There are about 820 spinning mills in Tamil Nadu of which about 296 spinning mills are in Coimbatore region itself. In total there are 1564 mills all over India. In addition there are about 969 SSI units and 223 composite mills are there all over India.

The textile Industry's predominant presence in the Indian economy is manifested by its significant contribution to industrial production employment, generation and foreign exchange earnings. Currently it accounts for about 4% of GDP, 14% of industrial production and over 30% of export earnings of India (3% of the world garment trade) and has only 7-8% of import intensity. About 35 million people are gainfully employed with the industry making it the 2nd largest employment

providing section after agriculture. Together with allied agri sector it provides employment to over 90 million people. The total turn over of the Indian textile industry is estimated at around rs 1300 billion.Of late textile industries are being closed in many western countries due to high cost of labour and prefer to import their yarn/ clothing requirements.

In addition, India is the only country in the world, which produces almost all varieties of cotton suitable for the manufacture of varied counts of yarn. In the last one decade Indian Textile Industry has modernized its plants in order to meet the ever changing clothing needs national and international market. Government of India has established "**Tech Mission on Cotton**" with a view to increase cotton yield as the average yield in the country was the lowest at about 250 kgs a hector against the world average of 550 kgs a hector. Thus there is lot of scope for doubling our cotton production in the 5 to 10 yrs.

Indian apparel market is now attracting the attention of high fashion European brands like G-star, Diesel, Burberry's, and Nicole Farhi & Mc Gregor. One reason for European brands looking the Indian way is because most European market are 100% cotton & India's strong hold on cotton. India is the only country in the world, which produces almost all varieties of cotton suitable for the manufacture of varied counts of yarn.

The government of India has signed GATT agreement, which help boosting textile exports since the terms under GATT are very much favorable to India than the multifibre Agreement under which stringent quota system were followed. Thus the GATT agreement will increase the textile exports from India manifold in to come.

2.2COMPANY PROFILE

The Sangeeth Textiles Limited, Annur has its foundation in 1981 under the companies a No.1of 1956.It is situated in village of Ellayapalayam. It was one of the well known companies in textile industries particularly in the manufacturing of yarn in the textile city. Sangeeth Textiles Limited, Annur One Unit of the SANGEETH GROUP OF COMPANY. The Companies gives employment opportunities to the people of Kunnathur, Ganeshapuram, Ellayapalayam Most of the families depend on this company for there is earning in this place.

This organization is controlled by Board of Directors, The Chairman and Managing Director of this organization is Mr.E.N.Elango and Mr.E.N.Sivasamy,Mr.E.N.Palanisamy Mr.R.R.Kandasamy and Mr.M.Cninnasamy are general manager of this company. It is deemed Public limited company with an annual turn over of US $ 45 Million. The company has occupied about 26 acres of land around 500 workers and 35 Staffs are working in this mill. The group is equipped with 1,30,000 spindles & 1300 rotors. It manufactures and exports 100% cotton and compact yarn. The company has an authorized share capital of Rs.500 lakhs and paid up capital of Rs.225 lakhs with promoters financing most of the share capital. Moreover this company is an ISO 9002 registered firm and also obtained certification from Netherlands. The growth of the company has been taking place at a regular pace. It was modernized by commissioning the state of the art machineries. The has evolved it to vie in the intentional market.

The growth of turnover is shown below;

Years	Turnover	Percentage of growth
2004	72409130.34	100
2005	60889386.21	84
2006	82344131.66	114
2007	93932788.58	130
2008	108833793.85	150

BOARD OF DIRECTORS

In order to enable to discharge its responsibilities effectively all statutory significant and material information are placed before the board on a quarterly basis.

The board is headed by the Chairman & Managing Director. The persons in the are board of directors.

THE CHAIRMAN

- Sri E.N.Ramasamy

THE MANAGING DIRECTOR

- Sri E.N.Elango

THE EXECUTIVE DIRECTOR

- Smt..E.P.Krithika Nandhini

THE DIRECTORS

- Sri.E.N.Othisamy
- Sri E.N.Sivasamy
- Sri S.R.Somasundaram
- Sri K.Ponnusamy
- Sri M.palanisamy

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THE DIRECTORS

- Sri.E.N.Othisamy
- Sri E.N.Sivasamy
- Sri S.R.Somasundaram
- Sri K.Ponnusamy
- Sri M.palanisamy

REGISTERED OFFICE

551, Ganesh Puram,
S.S.Kulam (Via)
Coimbatore – 641017

COMPANY OBJECTIVES

To achieve the quality policy with respect to

A Raw material

- Inventory management for uninterrupted production and quality consistency.
- Purchase or raw material with corresponding basic sample or spot verification.
- Storage and handling of raw material, lot wide in environmentally friendly condition.

B Labour

- Motivation through financial and non financial incentives
- Providing on the job training
- Encouraging labour suggestions for improvement
- Periodic evaluation
- Awareness on labour efficiency

C Safety

- Corrective maintenance
- Preventive maintenance
- Routine maintenance

D Inspection

- Raw material inspection
- Work in progress inspection
- Finished goods inspection

E Controls

- Regular internal quality audit and management review
- Review of production plans and coordinating different activities

TECHNOLOGICAL STRENGTH

The unit is well equipped with the entire infrastructure to satisfy the demands of the customers in time. The company has installed modern machineries for producing quality yarn. To take part in the national power generation; the company has introduced wind energy by installing wind turbine. Sangeeth is a corporate group adopting TQM principles of complete involvement, continuous improvement. $40 Million Turnover Company. It's an ISO 9002 Company, DVD certified company, functional heads discharge their duties and responsibilities and aid in developing specialized skills at every stage and successful in practicing Harmonious and Cordial relationships with its employees.

QUALITY POLICY OF SANGEETH

"Sangeeth group is committed to prompt supply of quality products to the varied requirement of customer".

SANGEETH'S STRENGTH

1. Product's pricing is always competiative because of bulk purchasing power of raw material at the light seasons and prices aided by the company's rich

2. Product mix is ranging from 100% cotton grey and menlange yarn in various count's as per customer requirements.

3. Effective handling of customer needs and demonstrating unique service to the customers.

Quality is almost priority to the requirements of end use of yarn.

DOMESTIC MARKET STRENGTH

The Sangeeth Textiles Limited textiles limited have sales depots located at Tirupur, Erode, Somanur, Karur, Mumbai and Kolkata. The company concentrates on consignment sales to about 30% and 40% to the domestic market. Its annual turnover US$33 million.

EXPORT MARKET STRENGTH

The Sangeeth Textiles Limited textiles limited have been concentrated on export market extent and exports its quality yarn products to over 20 countries across Europe, Asia and America. Exports

Constitute 70% of the total sales done by the firm. The international buyers include Korea, Taiwan, Hong Kong, Japan, Europe, Canada, Malaysia, Philippines, Dominican Republic, Brazil, Turkey, Italy, Bangladesh, Germany, Russia, Srilanka, Switzerland and United Kingdom.

SANGEETH GROUP OF COMPANIES

Sangeeth Textiles Limited, Annur

Sir Mookambiga spinning Mills Limited, Dindigul

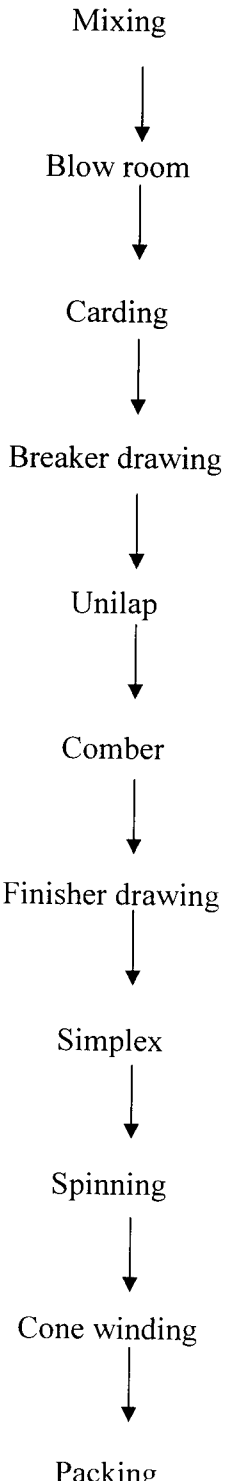
CAV cotton Mills Limited, Dindigul

Sri Vasudeva Textiles Limited unit-1, Annur

Sri Vasudeva Textiles Limited unit-2, Coimbatore

2.3 ABOUT THE SPINING PRODUCTION PROCESS

The cotton is purchased from Cotton Crop of India (CCI), Maharat Cotton Crop (MCC), Gujarat Cotton Crop (GCC) and other private parties. The production process of the yarn has of following stages.



The main function of production department is spinning the ginned cotton into yarn of high quality. There are various varieties like LRA, SANKAR-4, MECH, MCV-5 and LR into yarn of different counts like 40's combed hosiery/red label, 40's corder hosiery/spilled, 42 corded wand, 40's combed hosiery/ auto spilled 2 combed ward 1 noilet label of expect quality. There are 57 frames and 8000 kgs of yarn is produced/day. The function of the production department is to spin the ginned cotton into yarns. The different processes involved are blending opening, cleaning, darkening and spinning. There are 2 types of production process namely, combined process, carded process.

MIXING

Cotton of various varieties are 1st tested by S.Q.C (Statistical Quality Control) department and various parameter like strength, length, dust percentage in on 12g and mocronaine value (fiber finess)is found. Initially cotton is purchased in bales/boras. So bales/boras are opened and mixed according to mixing ratio of different types of cotton.

BLOW ROOM

The mixed cotton is treated and opened by the beaters and approximately 4.5%waste is removed and output is called as lap, the lap is nothing but a sheet of cotton with unit weight and breadth, with some prerequisites standard fixed by the processing departments. Each lap is of weight 20 kgs and length of 55 yerls.

CARDING

The purpose of carding is fiber individualization and cleaned lap is fed into the carding machine. Further there is a certain amount of line trash and short fiber is removed. This is achieved by feeding the lap sheet cannel converting the fibers into form of rope collected in canes. This form is called as sliver.

Note:

After carding process, the combed process is carried out where the material will pass through comber preparatory (carding silver lap-ribbon lap), combing machine and then drawing. In drawing there are 2 phases called breakers and sinisher. For the above mentioned flow there is no need for 2 phases in drawing. If it is carded process then materials will pass to the simplex directly.

BREAKER DRAWING

The carding sliver is the input. In this process fibers are made parallel to each other to the fullest possible extent. The sliver evenness is improved by doubling and drafting method.

UNILAP

20 to 26 numbers of breaker drawing slivers are fed in to unit lap machine according to requirements and they are drafted individual to make ribbons and ribbons are doubled to make one lap for feeding into the comber. Each lap is taken with a specified length and weight as per the required specification for next process.

SILVER LAP:

20 silver slaps are fed into the silver lap machine at a time and certain amount of dust is removed and output is again called as lap.

RIBBON LAP:

The input to this machine is 6 laps and all sorts of dusts are removed and output is a lap.

SUPPER LAP:

The machine does both the functions of silver lap and ribbon lap. After this process it will go to drawing process. Here also the drawing contains 2 phase breaks and finisher.

COMBERS

The lap produced in the unit lap machine is fed into the comber machine for combing process which consist a circular comb for the removal of short fibers and naps and paralisation of fibers. This to improve the yarn appearance, luster, strength and to reduce the yarn imperfection.

FINISHER DRAWING

The combed sliver from comber is fed into the finisher drawing machine where they doubled and drafted to have more evenness and high fiber paralisation. This finisher drawing coupled with auto leveler removes all mass variations and thick places if any present in the combed sliver and final sliver delivered from the finisher drawing machine will have very less mass variation both in short and long term.

SIMPLEX

The finisher drawing slivers are fed in the simplex machine and the sliver is further drafted to the required thickness levels by the drafting system of this machines. The drafted material called roving is wound on bobbins with slight twist by the twisting system of the machines.

RING SPINNING

The thinned roving is fed into a mechanism called drafting system. The amount of draft is an proportion with draft is in proportion with the required count number in the new levees is twisted to attain required to sustain further process like weaving thus the yarn is formed in to a ring frame. Here the yarn is wound on a package called ring cops approximately weighted to a frame piece.

CONE WINDING

The yarn producing in the proceeding department is fed into the cone winding machine to form package called cones which is an easy thing for next process. This this department is only a conversion department. There are two types of application are effected in this unit.

AUTO CONE WINDING

In Auto cone winding the cones are led to machine are automatically moved to the feed point, the end is sucked and spinned with one and operation begins. Thus joining so many cones be form the required package with tremendous automation, These packages are value added products used in high volume, high speed wearing machine. This package has an attractive edge covering.

MANUAL CONE WINDING

The cones are fed and joined manually either as knot or by a splices joint. According to the requirement of the package the cops are joined.

PACKAGE DEPARTMENT

The cones produced are collected and packed in gunny bags with polythin covering inside. Normally the bags are weighted 50kgs and are stitched, so this is feasible for trade.

INSPECTION AND QUALITY CONTROL

To maintain a good quality at final product raw material are also inspected and tested. To ensure this whole cotton is put to vigorous quality test using the latest equipment by purchasing the best quality cotton and vigorous regregation at cotton textile at mills. Fibre strength are tested and then after confirming the quality it is weighted and entered in lot register and best in cotton godown the cotton is issued everyday depending upon the various count spin. Lot book contains lot number and weight of

each bag. Lot cotton register is maintained for daily stock and everyday cotton consumption is noted. Finally all cones are manually inspected and if there is any fault it is rejected and accepted cones are packed.

2.4 PRODUCT PROFILE

Sangeeth Textiles Limited Mills manufactured yarn which is a mixture of cotton. The mill production yarn in various count namely 10's,20's,30's,40's,60's,80's and 100's, in hand, the cone from spinning department plays an important function to produce yarn in various types of counts in cone yarn. These threads are tested for their standard and quality.

The yarn that is manufactured has a composition of 100% cotton. These threads are tested for their weight for testing this weight a special electronics balance is used the strength of the threads is checked with the wrap reel. This department has four people, where three of them supervise the process. The cones that are produced are packed with HPPE Bags. They are send to Chalkaranji and Mumbai though consignment sales. The company makes one of eighty five percentages of its autoconer machines efficiency .Each workers producer's sixty six cones in one shift. These threads are used to produce ray on fabrics.

CHAPTER-III

MAIN THEME OF THE STUDY

3.1 OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

1. A Study on Process costing in Sangeeth Textiles Limited, Annur
2. To calculate trend analysis of each year.
3. To ascertain the cost of the product at each process or stage of manufacturing, in Sangeeth Textiles Limited, Annur

Where process are carried.

SECONDARY OBJECTIVES

1. To understand the cost of power, raw material and labour for each Process.
2. To find out the normal and abnormal losses of each process.
3. To reduce the abnormal loss.

3.2 NEED OF THE STUDY

The study is intended to evaluate the cost of power, raw material and labour for each process and to find out the normal and abnormal losses of each process. Taking these things into considerations the proposed study was targeted towards to reduce the abnormal loss.

3.3 SCOPE OF THE STUDY

1. The scope of the study includes on costing methods in Cot-Spin (INDIA) pvt ltd was undertaken with the major objective of the finding cost of the product at each process.

2. Cost control is comparatively easier because the products are homogenous and production is stable.

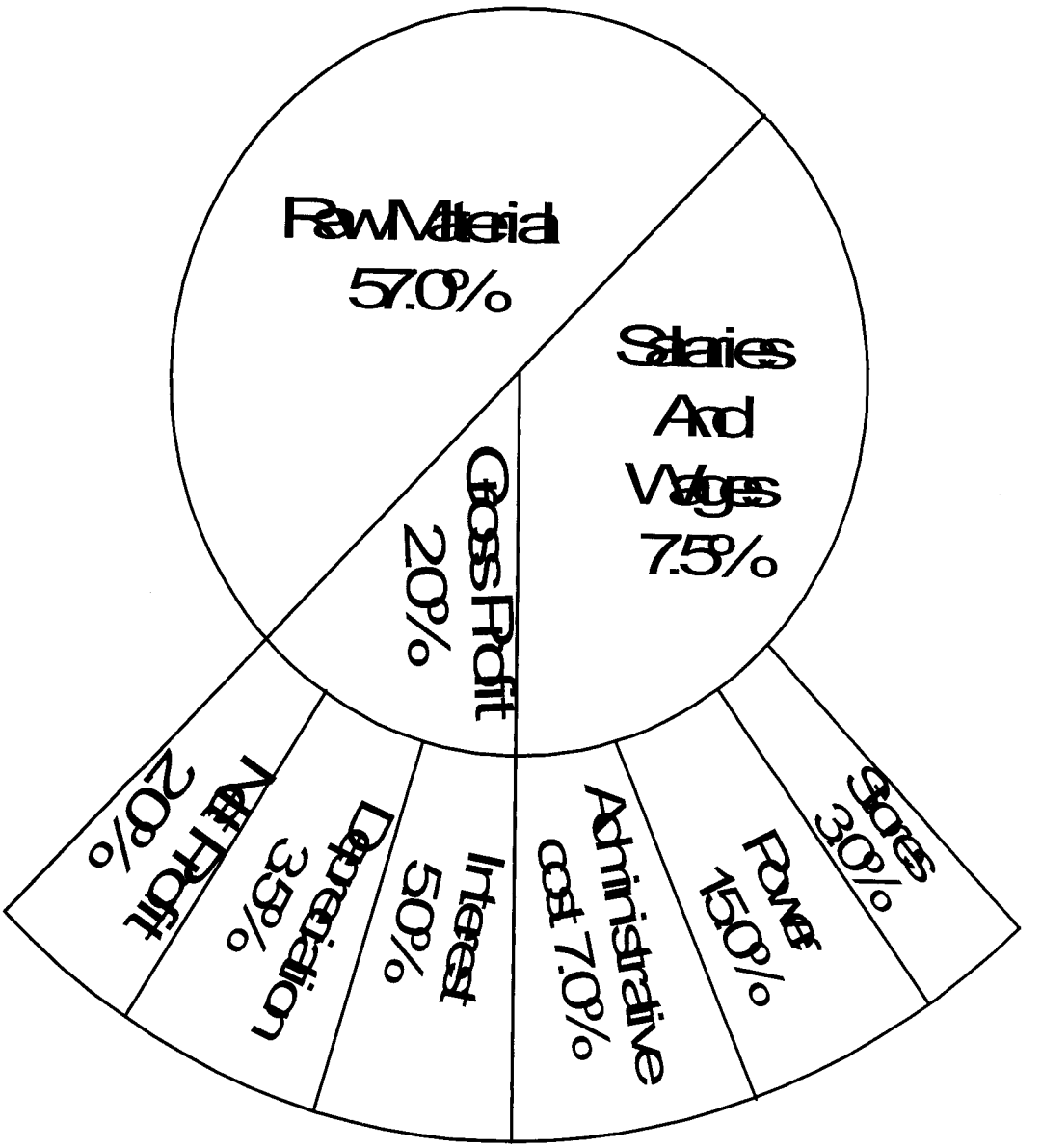
3.4 STATEMENT OF THE PROBLEM

The textile industry occupies a key position in the economy of India. The cost of production and profit of an average textile mill under normal trading conditions is exhibited in the following figure.

EXHIBIT -1

Cost OF Production and Profit as Percentage of sales

In an Average Mill



It can be observed from exhibit. I that a spinning mill earns an average profit of just 2 percent on sales after interest and depreciation. The raw material costs 57.0 percent of sales, salaries and wages 7.5 percent of sales, other expenses 25.0 percent of sales and interest 5 percent of sales. It is clear from exhibit. I that the material, lab our and overhead costs can play a visit part in the cost of production and the profit of the concern.

Attainment of high level profit is possible only when material, lab our and overhead costs can be controlled. The management of the mills is interested in cost control measures because they want to ensure economic and efficient working. The maintenance of profitability in times of raising prices of materials can be achieved by increasing sales realization or by reducing cost of production. In cotton textile industry in which the competition is keen, the scope for increasing prices of fabrics is limited. The financial performance of an enterprise depends significantly on how its resources are planned and controlled.

The type of costing suited for textile industry is process costing. Where cost of production is ascertained after the product has been produced is of little use in controlling cost. To be able to exercise an effective control it is necessary to know beforehand what each product should cost so that the causes of discrepancy can be ascertained and rectified. This can be achieved by ascertainment of standard costs. Under standard costing method, control of the cost of lab our, cost of materials and cost of overheads is possible. These costs are predetermined and compared with actual cost. The difference between them can be analyzed so that inefficiencies may be quickly brought to the notice of the persons responsible for them and appropriate action taken.

The actual cost of production if worked out periodically will give an ides as to whether the cost of production is going up or not and which items of costs are higher. But the costs themselves provide no information regarding the efficiency of the operation. Besides they are of little use to management for taking remedial action in time. It is therefore preferable to introduce a system of standard costing by

production is progressing according to the plan of the management. So, for measuring the efficiency of textile mill in controlling the cost of production the standard costing is considered to be a suitable device.

Sangeeth Textiles Limited, one of the successful textile mills functioning at Ellayapalayam has adopted the process costing as a technique of controlling the cost. The efficiency of the mill in achieving process and in controlling costs has to be analysed.Hence the Study.

3.5 RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problems. According to Clifford Woody, "Research compresses defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organizing and evaluating data, making deduction and researching conclusion and carefully testing the conclusion to determine whether they fit the formulating hypothesis". The methods adapted to carrying out this study are as follows.

3.9 REVIEW OF LITERATURE

1. Amital Spinning installed systems to facilitate non-contact cooling water reuse, implemented the use of totes and bulk packaging for raw materials, and requested packaging reduction by suppliers.

2. This textile mill implemented a program to implement reusable totes for chemicals and reusable paperboard spools. The facility reduced emissions and solvent usage through the substitution of several dye carriers. The facility also reduced water and energy consumption through the installation of a counterflow washer and automation of its dyeing machines.

[1]Amital Spinning Corporation- A compilation of successful waste reduction projects implemented by NC businesses.

Date: August 1995

[2]Bloomsburg Mills, Inc -A compilation of successful waste reduction projects implemented by NC businesses.

Date: December 1995

3. Using the translog dual cost function approach, we estimate the elasticity of substitution and the nature of technical change in the U.S. textile industry. A significant extension on the existing studies on this topic is the incorporation of learning by doing as a source of technical change. Our results confirm earlier findings of limited substitution possibilities between capital and labour and that factor argumenting technical change is labour saving and capital using in the Hicksian sense. But this augmentation takes place*both* due to time and learning and further that bias due to the two factors is in the opposite direction.We are grateful to the anonymous referee of this journal for useful comments and suggestions.

4. This manufacturer of knit and woven fabrics determined that the majority of VOCs were emitted during heatsetting and printing. VOC emissions were reduced by an average of 67% in 6 plants. Most reductions were accomplished by switching from a solvent based edge gum to a water based adhesive.

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[3]US. textile industry- Using the translog dual cost function approach, we estimate the elasticity of substitution and the nature of technical change.

DATE: jan 2005

[4]Guilford Mills- A compilation of successful waste reduction projects implemented by NC businesses.

Date: December 1995

RESEARCH DESIGN

Here secondary data collection methods are used. From the annual accounts and the Cost sheet reports of the Sangeeth Textiles Ltd.

DATA COLLECTION

For this project purpose both primary and secondary data were collected. Primary data collection methods used includes unstructured discussions and direct interviews with finance personnel of the company. The secondary that are used here are obtained from the annual accounts and the reports of Sangeeth Textiles Limited.

3.6 PERIOD OF STUDY

The period of study on Costing Methods of Yarn manufacturing industry with reference to Sangeeth Textiles Limited is based on the 5 years annual report for the year 2003-2008 for the two different counts like 40s count.

3.7 LIMITATIONS OF THE STUDY

1. Since the study is partly based on the secondary data.
2. The study is confined to a very short period of 4 weeks. Duration of the study was short.
3. As the labor underwent strike at the time of research so its difficult to collect data from them.

3.8TOOLS USED FOR DATA ANALYSIS

- Process Costing

CHAPTER-IV

ANALYSIS AND INTERPRETATION

In this project the important aspect is to assess the cost of power, raw material and labour for each process of Sangeeth Textiles Limited. Such an analysis is bound to highlight the normal loss and abnormal loss and try to reduce it. Accounting data for the period from the April 2003 to March 2008 for the counts like 40's is subjected to the under mentioned tool and technique of analysis:

- Process costing

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40's COUNT

It will be light and soft. This is used to produce cotton sarees, salwars, shirts etc, which keeps the body cool in hot season than when we compared with 40s counts. The mixing ratio of this count depends upon the company to maintain the quality.

PROCESS COSTING FOR THE YEAR 2003-2004

TABLE NO : 4.1
MIXING PROCESS – I

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	449712	23349024			
To Labour		198500			
To Other Expenses		155495	By Blow Room Process A/C	449712	23908914
To Indirect Expenses		205895			
	449712	23908914		449712	23908914

Mixing process is one of the important process which accounts for the quality and cost of the finished goods. Here the raw material plays a vital role than the other expenses. Which is not require much of labour in mixing the raw material. This mixing process account transferred to the blow room process account.

TABLE NO : 4.2
BLOW ROOM PROCESS – II

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	449712	23908914	By Normal Waste	11242.8	202370.4
To Labour		204570	By Carding Process A/C	438469.2	24873698.6
To Power & Fuel		685985			
To Stores		86500			
To Other Expenses		85600			
To Indirect Expenses		104500			
	449712	25076069		449712	25076069

The output of the mixing process is transferred to this process. In this process power & fuel plays a vital role to remove all impurities of seeds, seeds particles, leaf particles, sand & dust by using the sequence of beating and opening which will reduce the 2.73 % loss occur in this process. Next to power & fuel, indirect expenses of 0.41 % and other expenses of 0.34 % play more. When compared to other expenses labour cost is high. In this process while removing impurities some normal loss occur for 2.5% and these can be sold by the company at market price. The output of the blow room process account can be transferred to the Carding process.

TABLE NO : 4.3
CARDING PROCESS – III

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Blow Room Process A/C	438469.2	24873699	By Normal Waste	30692.844	521778.348
To Labour		254695	By Breaker drawing Process a/c	407776.356	25750965.3
To Power & Fuel		705675			
To Stores		104500			
To Other Expenses		135275			
To Indirect Expenses		198900			
	438469.2	26272744		438469.2	26272743.6

The output of the Blow room process is transferred to this process. Carding process introduces the paralisation of fibers. Here also power & fuel of 2.68 % and indirect expenses of 0.75% contribute the major part than the other expenses. Labour cost is high when compared with the other expenses. The normal loss occurring in this process also approximately equal to the blow room process but the sold price is higher than the blow room process.

TABLE NO : 4.4
BREAKER DRAWING PROCESS – IV

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Carding Process A/C	40776.36	25750965			
To Labour		214460			
To Power & Fuel		545985			
To Stores		97895	By comber process A/C	407776.356	26909074.3
To Other Expenses		100789			
To Indirect Expenses		198980			
	407776.36	26909074		407776.356	26909074.3

The carding process account is transferred to this process. Here the direct expenses like labour, stores; expenses cost less when compared with the power & fuel of 2.02 % and indirect expenses of 0.73 % . But there is no normal loss in this process. The slivers can be improved by using doubling and drafting method. Doubling and drafting which gives strength to the yarn and it will stretch the yarn. This process account is transferred to the comber process account.

TABLE NO : 4.5
COMBER PROCESS – V

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Breaker Drawing Process A/C	407776.356	26909074	By Normal Waste	57088.6898	1484305.94
To Labour		321770	By Finisher Drawing Process A/C	350687.666	26612655.3
To Power & Fuel		560700			
To Stores		20450			
To Other Expenses		85987			
To Indirect Expenses		198980			
	407776.356	28096961		407776.356	28096961.3

The breaker drawing process account is transferred to this process. Comber process is one of the important processes for yarn because this improves the yarn appearance, luster and strength to reduce the yarn imperfection. Breaker drawing process account is transferred to this comber process account. In these process indirect expenses plays major role than the other expenses like labour, power & fuel and other expenses. Here normal loss occurred in this process for 40s count is 15% . And this process account is transferred to the finisher drawing process.

TABLE NO : 4.6
FINISHER DRAWING PROCESS – VI

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Comber Process A/C	350687.6662	26612655.32	By Simplex Process A/C	350687.6662	27592657.32
To Labour		126170			
To Power & Fuel		389797			
To Stores		185500			
To Other Expenses		112750			
To Indirect Expenses		165785			
	350687.6662	27592657.32		350687.6662	27592657.32

The comber process account is transferred to this finisher drawing process. Finisher drawing process will remove all mass variations if any present in the final sliver. When compared with the labour cost and power & fuel of 1.41 % & other expense of 0.40 % and indirect expenses plays a vital role. And this process account is

TABLE NO : 4.7

SIMPLEX PROCESS – VII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	347180.7895	28663349.14	By Normal Waste	3471.807895	114569.6605
To Labour		361685	By Cone Winding Process A/C	343708.9816	30047964.48
To Power & Fuel		475690			
To Stores		189675			
To Other Expenses		204590			
To Indirect Expenses		267545			
	347180.7895	30162534.14		347180.7895	30162534.14

The finisher drawing account is transferred to this simplex process account. Bobbins which slight twist by the twisting system of the machine. So in this process power & fuel plays a vital role. Labour cost is less when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.20% and these can be sold at market price.

TABLE NO : 4.8

SPINNING PROCESS – VIII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	343708.9816	30047964.48	By Normal Waste	3471.807895	114569.6605
To Labour		359800	By Cone Winding Process A/C	343708.9816	30047964.48
To Power & Fuel		689800			
To Stores		195609			
To Other Expenses		87452			
To Indirect Expenses		167545			
	347180.7895	30162534.14		347180.7895	30162534.14

The simplex process account is transferred to this spinning process account . Spinning is one of the important processes because ring frames are converted into yarn. Here the power & fuel contribute major part of 2.28 % than the indirect expenses of 0.5% and the other expenses of 0.2% . But labour cost is high when compared with the other expenses. In this process the normal loss occurred for 1.5 % and these can be sold at the market price. This spinning process account is transferred

TABLE NO : 4.9
CONE WINDING PROCESS – IX

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	343708.9816	30047964.48	By Finished Stock A/C	343708.9816	31548170.48
To Labour		359800			
To Power & Fuel		689800			
To Stores		195609			
To Other Expenses		87452			
To Indirect Expenses		167545			
	343708.9816	31548170.48		343708.9816	31548170.48

The spinning process account is transferred to this cone winding process account . In this process the yarn faults like thick, the electronic yarn clearers remove thin places present in the yarn. This is the final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next to indirect expenses power & fuel and the labour cost is high when compared with all other expenses which incurred in this process.

PROCESS COSTING FOR THE YEAR 2004-2005

TABLE NO : 4.10
MIXING PROCESS – I

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	451245	24818475			
To Labour		199650			
To Other Expenses		165495	By Blow Room Process A/C	451245	25385515
To Indirect Expenses		201895			
	451245	25385515		451245	25385515

The mill has modernized from the manual mixing to unifloc (Bale Plucking). A manual mixing 20 number of manpower day & mixing quality of blending is not up to the level due to makes some operative error. The benefit of the cost reduction about 12% is mixing stage and also improved. Labour cost is less when compared to expenses because this is first process among other process, which is not require much of labour in mixing the raw material. This mixing process account transferred to the blow room process account.

TABLE NO : 4.11

BLOW ROOM PROCESS – II

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	451245	25385515	By Normal Waste	13537.35	270747
To Labour		205720	By Carding Process A/C	437707.65	26312253
To Power & Fuel		698985			
To Stores		91390			
To Other Expenses		86890			
To Indirect Expenses		114500			
	451245	26583000		451245	26583000

In this process power and fuel plays a vital role to remove the impurities of seeds, seeds particles leaf particles, sand and dust by using the sequence of beating and opening. To plays a vital role to remove all impurities using GBR machines. GBR machine is highly computerized machines which will reduce the loss occur in this process. By changing the speeds & grid bar settings the blow room waste percentage reduced from 2.5%-2.0%.The realization has been improved by 0.5% from the raw material.. In this sold by the company at market price. The output of the blow room process account can be transferred to the Carding process.

TABLE NO : 4.12

CARDING PROCESS – III

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Blow Room Process A/C	437707.65	26312253	By Normal Waste	35016.612	665315.628
To Labour		255845	By Breaker drawing Process a/c	402691.038	27046002.37
To Power & Fuel		706020			
To Stores		124565			
To Other Expenses		134045			
To Indirect Expenses		178590			
	437707.65	27711318		437707.65	27711318

Carding process is to the further fibre trash particles from the blow room output material and makes a sliver formation with fibre individualization. Here also power & fuel of 2.5% and indirect expenses of 0.64% contribute the major part than the other expenses. Labour cost is high when compared with the other expenses. The normal loss occurring in this process also approximately equal to the blow room process but

TABLE NO : 4.13

BREAKER DRAWING PROCESS – IV

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Carding Process A/C	402691.038	27046002.37			
To Labour		215610			
To Power & Fuel		595985			
To Stores		97895	By comber process A/C	402691.038	28235261.37
To Other Expenses		110789			
To Indirect Expenses		168980			
	402691.038	28235261.37		402691.038	28235261.37

The slivers lap can be improved by using doubling and drafting system. Which gives to the strength to the yarn & it will stretch the yarn. Here the power & fuel of 2.1 % and indirect expenses of 0.5 % contribute the major part than the other expenses. Labour cost is high when compared with the other expenses. But there is no normal loss in this process. This process transferred to the comber process account.

TABLE NO : 4.14
COMBER PROCESS – V

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Breaker Drawing Process A/C	402691.038	28235261.37	By Normal Waste	60403.6557	1932916.982
To Labour		322920	By Finisher Drawing Process A/C	342287.3823	27527016.39
To Power & Fuel		592535			
To Stores		45975			
To Other Expenses		93252			
To Indirect Expenses		169990			
	402691.038	29459933.37		402691.038	29459933.37

The precomber drawing process account is transferred to this comber process account. In these process indirect expenses plays major role than the other expenses like labour, power & fuel of 2 % and other expenses. Here normal loss occurred in this process for 40s count is 15% and it sells at a market price. And this process account is transferred to the finisher drawing process.

TABLE NO : 4.15
FINISHER DRAWING PROCESS – VI

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Comber Process A/C	342287.3823	27527016.39	By Simplex Process A/C	342287.3823	28500373.39
To Labour		127320			
To Power & Fuel		359895			
To Stores		185500			
To Other Expenses		121670			
To Indirect Expenses		178972			
	342287.3823	28500373.39		342287.3823	28500373.39

Finisher drawing process will remove all mass variations if any present in the final sliver. When compared with the labour cost and power & fuel of 1.26 % other expense and indirect expenses of 0.6 % plays a vital role. A well modernized machine of auto leveler drawing is provided; the excess production is 10% of advantages of this process. And this process account is transferred to the simplex process account.

TABLE NO : 4.16
SIMPLEX PROCESS – VII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	342287.3823	28500373.39	By Normal Waste	4107.448588	143760.7006
To Labour		362835	By Cone Winding Process A/C	338179.9337	29519608.69
To Power & Fuel		477950			
To Stores		76816			
To Other Expenses		99450			
To Indirect Expenses		145945			
	342287.3823	29663369.39		342287.3823	29663369.39

In this process power & fuel of 1.61 % plays a vital role. Labour cost is high when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.20% and these can be sold at market price. The modernized machine of slight twist by the twisting system used in this process. It also assurance for the product-mix quality.

TABLE NO : 4.17
SPINNING PROCESS – VIII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	338179.9337	29519608.69	By Normal Waste	4058.159205	154210.0498
To Labour		362835	By Cone Winding Process A/C	334121.7745	30881308.64
To Power & Fuel		478035			
To Stores		209675			
To Other Expenses		187496			
To Indirect Expenses		277869			
	338179.9337	31035518.69		338179.9337	31035518.69

One of the important processes because ring frames are converted into the yarn. The power and fuel contribute major part than the indirect expenses & the other expenses. Labour cost is high when compared with other expenses and indirect expenses. In this process the normal loss is high occurred for 1.5% & these can be sold at the market price. This spinning process account is transferred to the last and final process cone winding process account

TABLE NO : 4.18

CONE WINDING PROCESS – IX

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	334121.7745	30881308.64	By Finished Stock A/C	334121.7745	32379795.64
To Labour		360950			
To Power & Fuel		692690			
To Stores		183778			
To Other Expenses		93524			
To Indirect Expenses		167545			
	334121.7745	32379795.64		334121.7745	32379795.64

This is a final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next indirect expenses power and fuel and labour cost is less when compared with all other expenses which incurred in this process. The well modernized machine to be used in all the process. It is due to increase in high yarn production the consumption of packing material consumption is increased in this

PROCESS COSTING FOR THE YEAR 2005-2006

TABLE NO : 4.19
MIXING PROCESS – I

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	386968	20896272			
To Labour		200800			
To Other Expenses		132975	By Blow Room Process A/C	386968	21428223
To Indirect Expenses		198176			
	386968	21428223		386968	21428223

It is important process which accounts for the quality and the cost of the finished goods. Then unifloc only two numbers of manpower is enough/ shift & blend is homogenous. The cost reduction about 12% is mixing stage & the quality of mixing is also improved. Here the labour cost is less when compared with the expenses. Then stores and spares expenses is increased due to the increase in the computation of spares for the machinery. This is a first process among various processes, which is not require much of labour in mixing raw materials.

TABLE NO : 4.20
BLOW ROOM PROCESS – II

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	386968	21428223	By Normal Waste	11609.04	267007.92
To Labour		206870	By Carding Process A/C	375358.96	22238462.08
To Power & Fuel		598987			
To Stores		84610			
To Other Expenses		86890			
To Indirect Expenses		99890			
	386968	22505470		386968	22505470

The output of the mixing process is transferred to this process. In this process power & fuel plays a vital role to remove all impurities of seeds, seeds particles, leaf particles, sand & dust by using the sequence of beating and opening which will reduce the loss occur in this process. Next to power & fuel 1.3 % , indirect expenses 0.16 % and other expenses play more. When compared to other expenses labour cost is high. In this process while removing impurities some normal loss occur for 2.5% and these can be sold by the company at market price. In blow room line, modernized from scutcher chute line the process cost reduced about 2%. The output

TABLE NO : 4.21

CARDING PROCESS – III

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Blow Room Process A/C	375358.96	22238462.08	By Normal Waste	30028.7168	750717.92
To Labour		256995	By Breaker drawing Process a/c	345330.2432	22850961.16
To Power & Fuel		705745			
To Stores		122468			
To Other Expenses		112875			
To Indirect Expenses		165134			
	375358.96	23601679.08		375358.96	23601679.08

The process is to the further fibre trash particles from the blow room output material and makes a sliver formation with fibre individuation, modernization in the carding process. The material feeding system is to be lap feed and chute feed. The above modernization is carding the process cost reduced by 1.5%. Labour cost is less when compared with the other expenses. The power & fuel, 2.13 % stores and indirect expenses contribute the major part than the other expenses. The normal loss occurring in this process also approximately equal to the blow room process but the sold price is higher than the blow room.

TABLE NO : 4.22

BREAKER DRAWING PROCESS – IV

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Carding Process A/C	345330.2432	22850961.16			
To Labour		216760			
To Power & Fuel		593535			
To Stores		93328	By comber process A/C	345330.2432	23990068.16
To Other Expenses		97793			
To Indirect Expenses		137691			
	345330.2432	23990068.16		345330.2432	23990068.16

The carding process account is transferred to this process. Here the direct expenses like labour, stores, expenses cost less when compared with the power & fuel

improved by using doubling and drafting method. Which gives strength to the yarn and it will stretch the yarn. This process account is transferred to the comber process account.

TABLE NO : 4.23

COMBER PROCESS – V

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Breaker Drawing Process A/C	345330.2432	23990068.16	By Normal Waste	51799.53648	1812983.777
To Labour		324070	By Finisher Drawing Process A/C	293530.7067	23348576.38
To Power & Fuel		589746			
To Stores		43304			
To Other Expenses		72050			
To Indirect Expenses		142322			
	345330.2432	25161560.16		345330.2432	25161560.16

It is important processes for the yarn because improves the yarn appearance, luster & strength to reduce the yarn imperfection. This process account is transferred to this comber process account. In these power and fuel, indirect expenses plays major role than the other expenses like labour, power & fuel and other expenses. The normal loss occurred in the process for 14.5% and it sold at a market price. This process account is transferred to the finisher drawing process.

TABLE NO : 4.24

FINISHER DRAWING PROCESS – VI

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Comber Process A/C	293530.7067	23348576.38	By Simplex Process A/C	293530.7067	24243596.38
To Labour		128470			
To Power & Fuel		357105			
To Stores		160599			
To Other Expenses		91218			
To Indirect Expenses		157628			
	293530.706	24243596.3		293530.706	24243596.3

The finisher drawing process, the well modernized machine of auto leveler drawing is provided, advantages are, and the yarn count waste percentage is below 1.0% and excess in 10% of production in this process. Finisher drawing process will remove all mass variations it any present in the final sliver. When compared with the labour cost, power & fuel, other expenses 0.34 % , and indirect expenses play a vital role and this process account is transferred to the simplex process.

TABLE NO : 4.25

SIMPLEX PROCESS – VII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	293530.7067	24243596.38	By Normal Waste	3228.837774	145297.6998
To Labour		363985	By Cone Winding Process A/C	290301.8689	25249272.68
To Power & Fuel		470060			
To Stores		75247			
To Other Expenses		99215			
To Indirect Expenses		142467			
	293530.7067	25394570.38		293530.7067	25394570.38

Bobbins which slight twist by twisting system of the machine. So in the process power & fuel plays vital role. Labour cost is less when compared with power and fuel. It is also assurance for the product-mix. In this process the normal waste like sweeping, fan etc occurred for 1.30% and these can be sells at market price. This may be because of using automated machine and continuous production process the power and fuel utilization may become decreased.

TABLE NO : 4.26

SPINNING PROCESS – VIII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	290301.8689	25249272.68	By Normal Waste	3483.622427	167213.8765
To Labour		363985	By Cone Winding Process A/C	286818.2465	26530522.81
To Power & Fuel		473467			
To Stores		161766			
To Other Expenses		184277			
To Indirect Expenses		264969			
	290301.8689	26697736.68		290301.8689	26697736.68

This processes because ring frames are converted into the yarn. The power and fuel contribute major part than the indirect expenses of 0.47 % & the other expenses of .51 %. Labour cost is less when compared with all the expenses. In this process the normal loss is high occurred for 1.25% and these can be sold at the market price.

TABLE NO : 4.27

CONE WINDING PROCESS – IX

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	286818.2465	26530522.81	By Finished Stock A/C	286818.2465	28020200.81
To Labour		362100			
To Power & Fuel		689200			
To Stores		180989			
To Other Expenses		92978			
To Indirect Expenses		164411			
	286818.2465	28020200.81		286818.2465	28020200.81

In the year 2004-2005 finished stock was Rs.32379795.64 and after one year deceased to Rs. 28020200.81. This may be because of using automated machine and continuous production process the power and fuel utilization may be decreased. In this process the yarn faults like thick, the electronic yarn clearers remove thin places present in the yarn. This is the final process in the yarn product. Here indirect

expenses value is higher than the other expenses. Next to indirect expenses power & fuel and the labour cost is less when compared with all other expenses which incurred in this process. Normal loss occurred because of the labours lack of concentration and these can be sold at the market price.

PROCESS COSTING FOR THE YEAR 2006-2007

TABLE NO : 4.28

MIXING PROCESS – I

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	398213	23096354			
To Labour		201950			
To Other Expenses		131741	By Blow Room Process A/C	398213	23626876
To Indirect Expenses		196831			
	398213	23626876		398213	23626876

From the above table it is seen that the mixing process account. In the year 2003-04 & 2004-05 more than units used in the mixing process. But this year less in 2006-07 than used the raw material. This account shows the quality and cost of the finished goods. Here the raw material plays a vital role than the other expenses. Labour cost is less when compared to all the expenses because this is first process among other process, which is not require much of labour in mixing the raw material. This mixing process account transferred to the blow room process account.

TABLE NO : 4.29
BLOW ROOM PROCESS – II

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	398213	23626876	By Normal Waste	11946.39	274766.97
To Labour		208020	By Carding Process A/C	386266.61	24431880.03
To Power & Fuel		599184			
To Stores		85755			
To Other Expenses		86766			
To Indirect Expenses		100046			
	398213	24706647		398213	24706647

This table shows the changing the speeds & grid bar settings the blow room

waste percentage reduced from 2.5% to 2.0% without any quality determination of output quality. so that raw realization has been improved by 0.5% from the raw material. In the year 2006-07 less units produced by the company. The main reason that power & fuel cost is higher than labour, expenses & stores. When compared to other expenses labour cost is high. In this process while removing impurities some normal loss occur for 2.0% and these can be sold by the company at market price. The output of the blow room process account can be transferred to the Carding process.

TABLE NO : 4.30

CARDING PROCESS – III

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Blow Room Process A/C	386266.61	24431880.03	By Normal Waste	30901.3288	803434.5488
To Labour		258145	By Breaker drawing Process a/c	355365.2812	24992270.48
To Power & Fuel		705941			
To Stores		119687			
To Other Expenses		114120			
To Indirect Expenses		165932			
	386266.61	25795705.03		386266.61	25795705.03

Carding process introduces the blow room output material and makes a sliver formation with fibre carding system. The carding waste collection should be manual and automatic waste evaluation system. The automatic system followed only waste from 1.50%. Here also power & fuel of 2.13 % and indirect expenses of 0.38 % contribute the major part than the other expenses. Labour cost is high when compared with the other expenses. The normal loss occurring in this process also approximately equal to the blow room process but the sold price is higher than the blow room process.

TABLE NO : 4.31

BREAKER DRAWING PROCESS – IV

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Carding Process A/C	355365.2812	24992270.48			
To Labour		217910			
To Power & Fuel		593732			
To Stores		92061	By comber process A/C	355365.2812	26136345.48
To Other Expenses		99225			
To Indirect Expenses		141147			
	355365.2812	26136345.48		355365.2812	26136345.48

This table shows that very less units when compared to previous year 2003-04, 2004-05 & 2005-06 in drawing process account. The main reasons that decreasing the raw cotton purchases by the company. Here the direct material, other expenses of 0.45 % and power and fuel of 0.56 % when compared to previous year less. The slivers can be improved by using doubling and drafting which gives the strength to the yarn & it will stretch the yarn. This process account is transferred to the next process account.

TABLE NO : 4.32

COMBER PROCESS – V

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Breaker Drawing Process A/C	355365.2812	26136345.48	By Normal Waste	53304.79218	1545838.973
To Labour		325220	By Finisher Drawing Process A/C	302060.489	25767882.51
To Power & Fuel		591088			
To Stores		45649			
To Other Expenses		73395			
To Indirect Expenses		142024			
	355365.2812	27313721.48		355365.2812	27313721.48

Breaking drawing process account is transferred to this comber process account. It improves the yarn appearance, luster & strength to reduce the yarn imperfection. This table shows the stores, other expenses and indirect expenses when compared to the

previous year 2003-04, 2004-05 & 2005-06 is less but labour cost is increase in this process account. The normal loss occurred 14% of sold at the market price. This process account transferred to the finisher drawing process.

TABLE NO : 4.33
FINISHER DRAWING PROCESS – VI

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Comber Process A/C	302060.489	25767882.51	By Simplex Process A/C	302060.489	26666707.51
To Labour		129620			
To Power & Fuel		357302			
To Stores		161839			
To Other Expenses		92115			
To Indirect Expenses		157949			
	302060.489	26666707.51		302060.489	26666707.51

This table shows the stores, power& fuel, indirect expenses when compared to the pervious year higher but 2006-07 is less than all the expenses. The finisher drawing process, the well modernized machine of auto leveler drawing is provided, advantages are, and the yarn count waste percentage is below 1.0% and excess in 10% of production in this process. Finisher drawing process will remove all mass variations it any present in the final sliver.

TABLE NO : 4.34
SIMPLEX PROCESS – VII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	302060.489	26666707.51	By Normal Waste	3322.665379	106325.2921
To Labour		365135	By Cone Winding Process A/C	298737.8236	27716661.22
To Power & Fuel		470257			
To Stores		77703			
To Other Expenses		99474			
To Indirect Expenses		143710			
	302060.489	27822986.51		302060.489	27822986.51

The finisher drawing account is transferred to this simplex process account. When compared to previous year 2003-04, 2004-05 & 2005-06 is higher but this year 2006-07is than all the expenses. Bobbins which slight twist by the twisting system of the machine. So in this process power & fuel of 1.98 % plays a vital role. Lab

is less when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.5% and these can be sold at market price.

TABLE NO : 4.35

SPINNING PROCESS – VIII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	298737.8236	27716661.22	By Normal Waste	3584.853884	132639.5937
To Labour		365135	By Cone Winding Process A/C	295152.9698	29038101.62
To Power & Fuel		473663			
To Stores		164444			
To Other Expenses		184602			
To Indirect Expenses		266236			
	298737.8236	29170741.22		298737.8236	29170741.22

This table shows the units are less in 2006-07 when compared to the previous year 2003-04, 2004-05 & 2005-06. Labour cost is less when compared with all the expenses. In this process the normal loss is higher for the previous year 1.25% but reduced in this year 1.15% & these can be sold at the market price. This spinning process account is transferred to the last and final process cone winding process account.

TABLE NO : 4.36

CONE WINDING PROCESS – IX

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	295152.9698	29038101.62	By Finished Stock A/C	295152.9698	30532135.62
To Labour		363250			
To Power & Fuel		689397			
To Stores		181334			
To Other Expenses		93192			
To Indirect Expenses		166861			
	295152.9698	30532135.62		295152.9698	30532135.62

This table shows the finished stock account is less in 2006-07 when compared to previous year 2003-04, 2004-05 & 2005-06 since they are high units of the finished stock accounts. The electronic yarn clearers remove thin places present in the yarn. It is a final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next to labour, indirect expenses power & fuel and labour cost are less when compared with all other expenses which incurred in this process. It reveals that there will increase in the packing material consumption. This is due to increase in high yarn production the consumption of packaging material consumption increased. It sold at the market price.

PROCESS COSTING FOR THE YEAR 2007-2008

TABLE NO : 4.37
MIXING PROCESS – I

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Raw Material	401891	24113460			
To Labour		203100			
To Other Expenses		132942	By Blow Room Process A/C	401891	24646611
To Indirect Expenses		197109			
	401891	24646611		401891	24646611

It is an important process which accounts for the quality and cost of finished goods. In the year 2003-04 & 2004-05, more than units used in the mixing process but this year less in 2006-07 than used the input. The manual mixing quality of blending is not up to the level but due to makes some operation error. It is blend of homogenous. The cost reduction about 12% is mixing stage and the quality of mixing is also improved. This mixing process account transferred to the blow room process account.

TABLE NO : 4.38

BLOW ROOM PROCESS – II

[40s count]

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Mixing Process A/C	401891	24646611	By Normal Waste	12056.73	349645.17
To Labour		209170	By Carding Process A/C	389834.27	25379665.83
To Power & Fuel		599838			
To Stores		86381			
To Other Expenses		87142			
To Indirect Expenses		100169			
	401891	25729311		401891	25729311

This table shows the output of the mixing process is transferred to this process. It changing the speeds & grid bar settings the blow room waste percentage reduced from 2.5% to 2.0% without any quality determination of output quality. so that raw realization has been improved by 0.5% from the raw material. In the year 2007-08 less units produced by the company. The main reason that power & fuel cost is higher than labour, expenses & stores. When compared to other expenses labour cost is high. In blow room line, modernized from scutcher chute line the process cost reduced about 2%.

TABLE NO : 4.39

CARDING PROCESS – III

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Blow Room Process A/C	389834.27	25379665.83	By Normal Waste	31186.7416	935602.248
To Labour		259295	By Breaker drawing Process a/c	358647.5284	25810466.58
To Power & Fuel		706015			
To Stores		119900			
To Other Expenses		114496			
To Indirect Expenses		166697			
	389834.27	26746068.83		389834.27	26746068.83

This table shows the process is to the further fibre trash particles from the blow room output material and makes a sliver formation with fibre individuation

modernization in the carding process. The material feeding system is to be lap feed and chute feed. The carding waste collection to be manual and automatic waste evaluation system. The above modernization is carding the process cost reduced by 1.5%. The previous year 2003-04, 2004-05 & 2005-06, 2006-07the labour cost is less when compared to the year 2007-08. The power & fuel, stores and indirect expenses contribute the major part than the other expenses. The normal loss occurring in this process also1.20% approximately equal to the blow room process but the sold price is higher than the blow room.

TABLE NO : 4.40

BREAKER DRAWING PROCESS – IV

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Carding Process A/C	358647.5284	25810466.58			
To Labour		219060			
To Power & Fuel		594053			
To Stores		92417	By comber process A/C	358647.5284	26956642.58
To Other Expenses		99439			
To Indirect Expenses		141207			
	358647.5284	26956642.58		358647.5284	26956642.58

This table shows that high units when compared to previous year 2003-04, 2004-05, 2005-06 &2006-07 is less drawing process account. The main reasons that increasing the raw cotton purchases by the company. Here the direct material, other expenses and power and fuel when compared to previous year high. The slivers can be improved by using doubling and drafting which gives the strength to the yarn & it will stretch the yarn. This process account is transferred to the next process account.

TABLE NO : 4.41

COMBER PROCESS – V

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Breaker Drawing Process A/C	358647.5284	26956642.58	By Normal Waste	53797.12926	1990493.783
To Labour		326370	By Finisher Drawing Process A/C	304850.3991	26145208.8
To Power & Fuel		591301			
To Stores		45680			
To Other Expenses		73540			
To Indirect Expenses		142169			
	358647.5284	28135702.58		358647.5284	28135702.58

This process account is transferred to this comber process account. In these power and fuel, indirect expenses plays major role than the other expenses like labour, power & fuel and other expenses. The normal loss occurred in the process for 15% of the unit and higher than the 40's count & it sold at a market price. The previous year 2003-04, 2004-05 & 2005-06 & 2006-07 the labour cost is less when compared to the year 2007-08 is high. This process account is transferred to the finisher drawing process.

TABLE NO : 4.42

FINISHER DRAWING PROCESS – VI

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Comber Process A/C	304850.3991	26145208.8	By Simplex Process A/C	304850.3991	27046199.8
To Labour		130770			
To Power & Fuel		357623			
To Stores		161963			
To Other Expenses		92540			
To Indirect Expenses		158095			
	304850.3991	27046199.8		304850.3991	27046199.8

This table shows the units are less in 2006-07 when compared to the previous year 2003-04, 2004-05, 2005-06 &2007-08. This processes because ring frames are converted into the yarn. The power and fuel contribute major part than the indirect expenses & the other expenses. Labour cost is less when compared with all the expenses. In this process the normal loss is higher for the previous year 1.15% but reduced in this year 1.12% & these can be sold at the market price.

TABLE NO : 4.43
SIMPLEX PROCESS – VII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Finisher Drawing Process A/C	304850.3991	27046199.8	By Normal Waste	3353.354391	130780.8212
To Labour		366285	By Cone Winding Process A/C	301497.0447	28073741.98
To Power & Fuel		470689			
To Stores		77777			
To Other Expenses		99597			
To Indirect Expenses		143975			
	304850.3991	28204522.8		304850.3991	28204522.8

The finisher drawing account is transferred to this simplex process account. When compared to previous year 2003-04, 2004-05, 2005-06 & 2006-07 is higher but this year 2007-08 is all the expenses. Bobbins which slight twist by the twisting system of the machine. So in this process power & fuel plays a vital role. Labour cost is less when compared with other expenses and indirect expenses. In this process the normal loss like sweeping, fan etc occurred for 1.5% and these can be sold at market price.

TABLE NO : 4.44
SPINNING PROCESS – VIII

(40s count)

PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	301497.0447	28073741.98	By Normal Waste	3617.964537	155572.4751
To Labour		366285	By Cone Winding Process A/C	297879.0802	29374277.5
To Power & Fuel		473876			
To Stores		164578			
To Other Expenses		184812			
To Indirect Expenses		266557			
	301497.0447	29529849.98		301497.0447	29529849.98

This processes because ring frames are converted into the yarn. Labour cost & expenses are high when compared to the previous year 2003-04, 2004-05, 2005-06 & 2006-07is less. In this process the normal loss is less occurred for 1.15 % & these can be sells at the market price. This spinning process account is transferred to the last and final process cone winding process account.

TABLE NO: 4.45
CONE WINDING PROCESS – IX

(40s count)

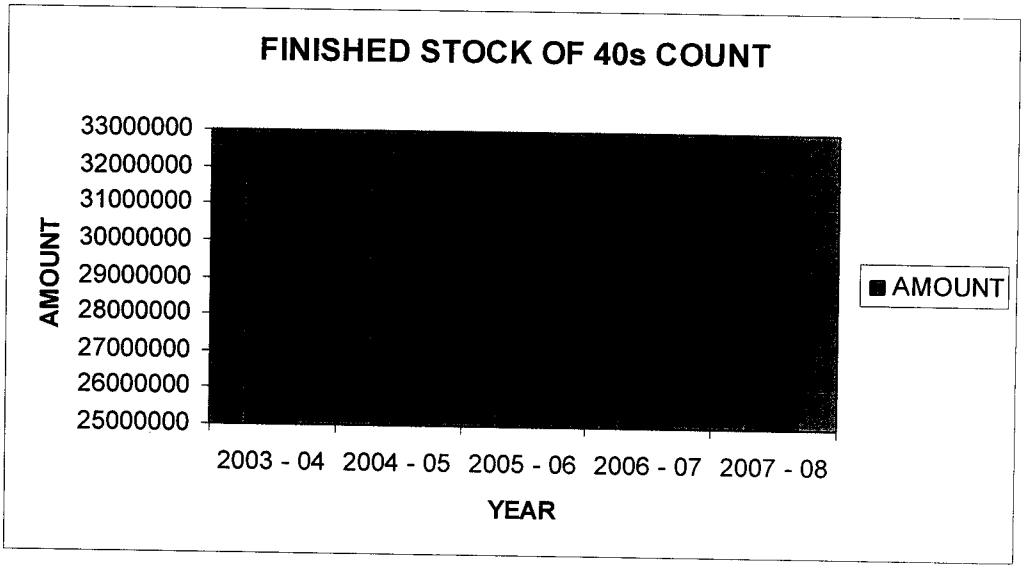
PARTICULARS	UNITS	AMOUNT Rs.	PARTICULARS	UNITS	AMOUNT Rs.
To Spinning Process A/C	297879.0802	29374277.5	By Finished Stock A/C	297879.0802	30870729.5
To Labour		364400			
To Power & Fuel		689651			
To Stores		181479			
To Other Expenses		93735			
To Indirect Expenses		167187			
	297879.0802	30870729.5		297879.0802	30870729.5

This table shows the finished stock account is less in 2007-08 when compared to previous year 2003-04, 2004-05, 2005-06 & 2006-07 since they are high units of the finished stock accounts. It is a final process in the yarn product. Here indirect expenses value is higher than the other expenses. Next to labour, indirect expenses

power & fuel and labour cost are high when compared with all other expenses which incurred in this process. It reveals that there will increase in the packing material consumption. This is due to increase in high yarn production the consumption of packaging material consumption increased. Normal loss occurred because of the labours lack of concentration and these can be sold at the market price.

CHART NO: 4.1

FINISHED STOCK OF 40s COUNT



In the year of 2004 – 05 the production of 40s count is high when compared to other years. But the next year the production is very low when compared to previous year because of very less demand. The cost incurred to produce 40s count is less.

TABLE NO : 4.46

COMPARISION OF FIVE YEAR MIXING PROCESS

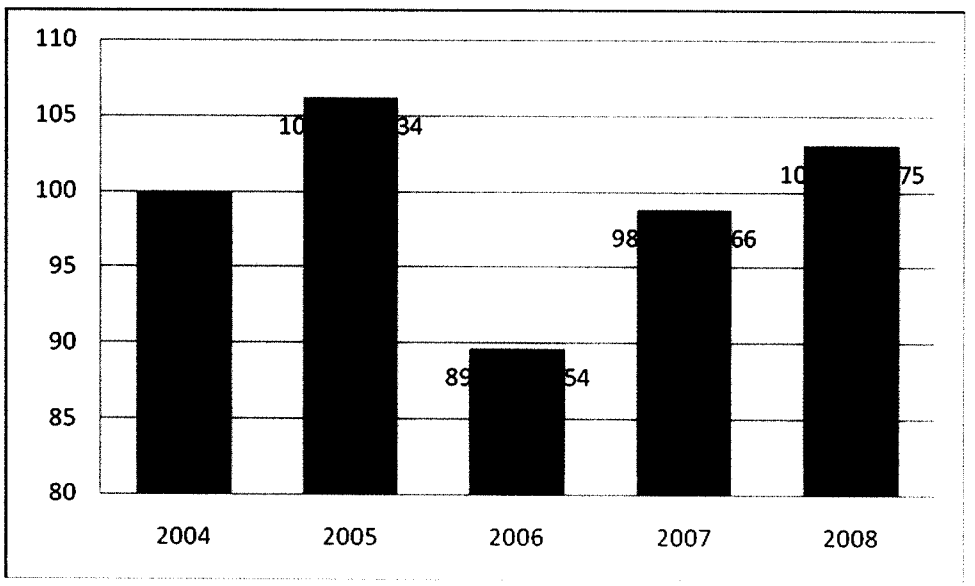
	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
ARTICULARS	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
Raw Material	449712	23349024	451245	24818475	386968	20896272	398213	23096354	401891	24113460
Labour		198500		199650		200800		201950		203100
Other Expenses		155495		165495		132975		131741		132942
Indirect Expenses		205895		201895		198176		196831		197109
	449712	23908914	451245	25385515	386968	21428223	398213	23626876	401891	24646611

TABLE NO : 4.47

TABLE SHOWING THE TREND ANALYSIS OF MIXING PROCESS:

YEAR	AMOUNT	TREND PRECENTAGE
2004	23908914	100
2005	25385515	106.1759
2006	21428223	89.62441
2007	23626876	98.82036
2008	24646611	103.0854

CHART NO : 4.2



While comparing to five year study period the trend analysis for mixing process is depicted in the above chart. The trend seems to be fluctuating throughout the periods. The major reasons for the fluctuations is found to be the bulk purchase of raw materials during 2005 and lower purchases of the same during 2006. The other expenditures are found to be less volatile. During the Year 2006 raw material cost was too low (89.62441%). The cost of one hank was Rs.59 and the demand for 40s count was low. It was found to have a gradual increase in demand for 40 counts in the subsequent years.

TABLE NO :4.48

COMPARISION OF FIVE YEAR BLOW ROOM PROCESS

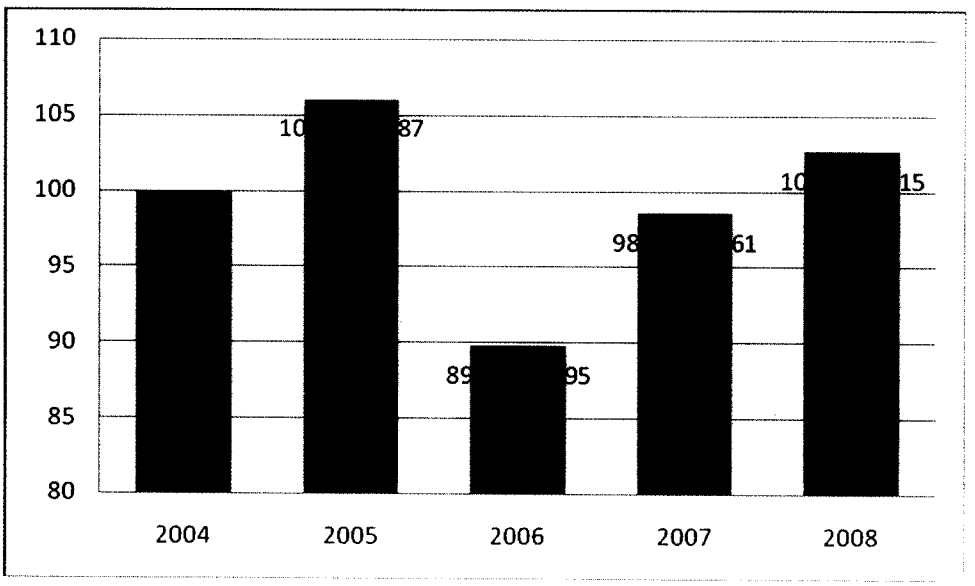
ARTICULARS	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
Mixing Process A/C	449712	23908914	451245	25385515	386968	21428223	398213	23626876	401891	24646611
Labour		204570		205720		206870		208020		209170
Power & Fuel		685985		698985		598987		599184		599838
Stores		86500		91390		84610		85755		86381
Other Expenses		85600		86890		86890		86766		87142
Indirect Expenses		104500		114500		99890		100046		100169
	449712	25076069	451245	26583000	386968	22505470	398213	24706647	401891	25729311

TABLE NO : 4.49

TABLE SHOWING THE TREND ANALYSIS OF BLOW ROOM PROCESS:

YEAR	AMOUNT	TREND PRECENTAGE
2004	25076069	100
2005	26583000	106.0094
2006	22505470	89.7488
2007	24706647	98.52679
2008	25729311	102.605

CHART NO : 4.3



While comparing to five year study period the trend analysis for blow room process is depicted in the above chart. The trend seems to be fluctuating throughout the periods. The major reasons for the fluctuations is found to be the bulk purchase of raw materials during 2005 and lower purchases of the same during 2006. The other expenditures are found to be less volatile. During the Year 2006 raw material cost was too low (89.74%). The cost of one hank was Rs.59 and the demand for 40s count was low . It was found to have a gradual increase in demand for 40 counts in the subsequent years.

TABLE NO : 4.50

COMPARISION OF FIVE YEAR CARDING PROCESS

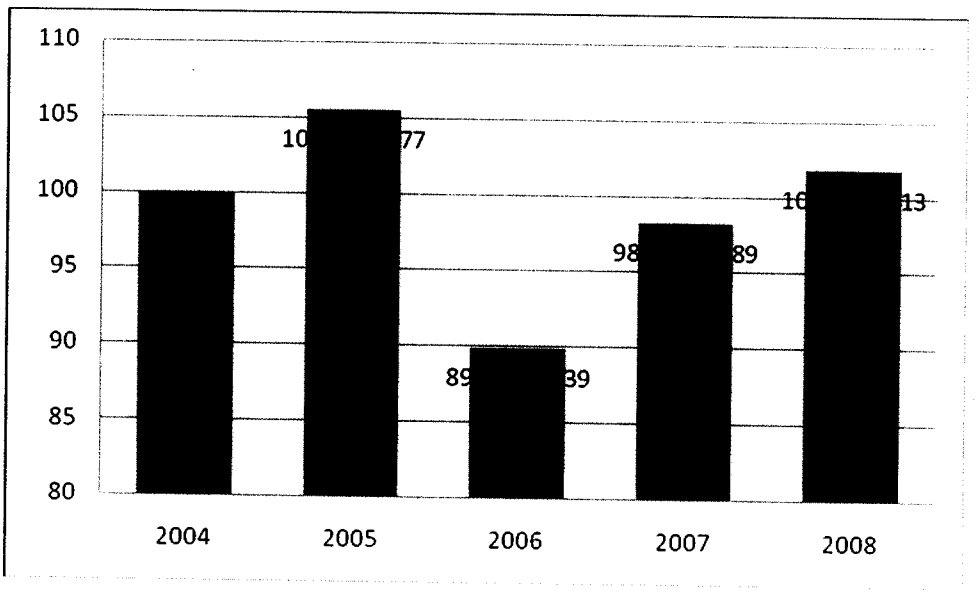
	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
ULARS	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
Room /C	438469.2	24873699	437707.65	26312253	375358.96	22238462.08	386266.61	24431880.03	389834.27	25379665.83
r		254695		255845		256995		258145		259295
& Fuel		705675		706020		705745		705941		706015
		104500		124565		122468		119687		119900
		135275		134045		112875		114120		114496
t		198900		178590		165134		165932		166697
	438469.2	26272744	437707.65	27711318	375358.96	23601679.08	386266.61	25795705.03	389834.27	26746068.83

TABLE NO : 4.51

TABLE SHOWING THE TREND ANALYSIS OF CARDING PROCESS:

YEAR	AMOUNT	TREND PRECENTAGE
2004	26272744	100
2005	27711318	105.4755
2006	23601679	89.83332
2007	25795705	98.18428
2008	26746069	101.8016

CHART NO : 4.4



While comparing to five year study period the trend analysis for carding process is depicted in the above chart. The trend seems to be fluctuating throughout the periods. The major reasons for the fluctuations is found to be the bulk purchase of raw materials during 2005 and lower purchases of the same during 2006. The other expenditures are found to be less volatile. During the Year 2006 raw material cost was too low (89.83%). The cost of one hank was Rs.59 and the demand for 40s count was low . It was found to have a gradual increase in demand for 40 counts in the subsequent years.

TABLE NO : 4.52

COMPARISION OF FIVE YEAR BREAKER DRAWING PROCESS

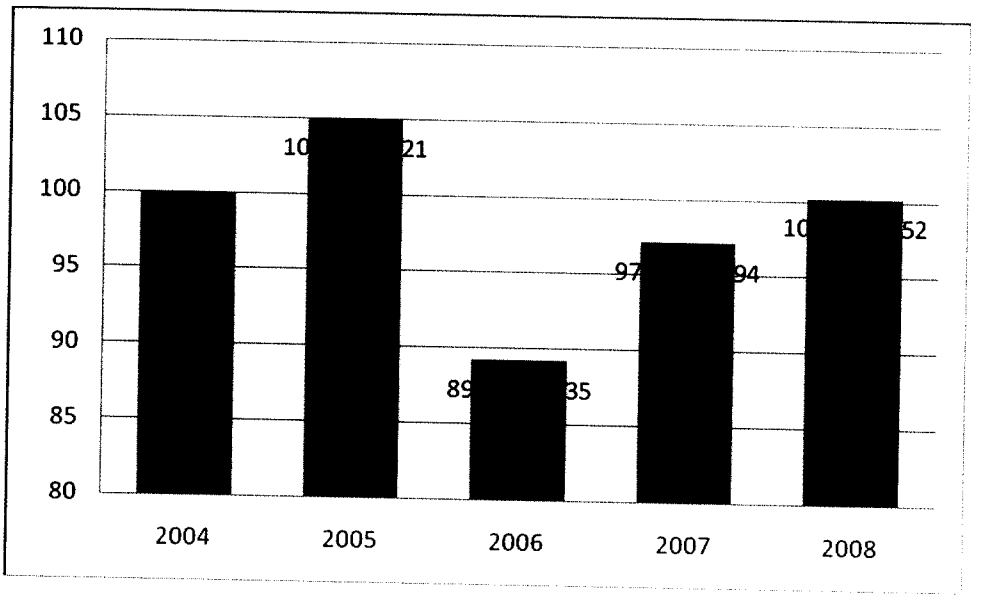
	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
RS	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
	40776.36	25750965	402691.038	27046002.37	345330.2432	22850961.16	355365.2812	24992270.48	358647.5284	25810466.58
		214460		215610		216760		217910		219060
el		545985		595985		593535		593732		594053
		97895		97895		93328		92061		92417
		100789		110789		97793		99225		99439
		198980		168980		137691		141147		141207
	407776.36	26909074	402691.038	28235261.37	345330.2432	23990068.16	355365.2812	26136345.48	358647.5284	26956642.58

TABLE NO : 4.53

TABLE SHOWING THE TREND ANALYSIS OF BREAKER DRAWING PROCESS

YEAR	AMOUNT	TREND PRECENTAGE
2004	26909074	100
2005	28235261	104.9284
2006	23990068	89.15234
2007	26136345	97.12837
2008	26956643	100.1768

CHART NO : 4.5



The output of the carding process is transferred to this process. Comparing to five year trend analysis in mixing process year 2005 is high as 104.92%. In this process power & fuel plays a vital role . Power & fuel made the year 2005 so expensive. Because raw material plays vital role than the other expenses. Next to opening stock, indirect expenses and other expenses plays a major role. The labour labour cost is also low when compare to other year. Year 2006 raw material cost is to low as 89.152349%. Demand for 40s count is low compared to other years. And there is the

TABLE NO : 5.54

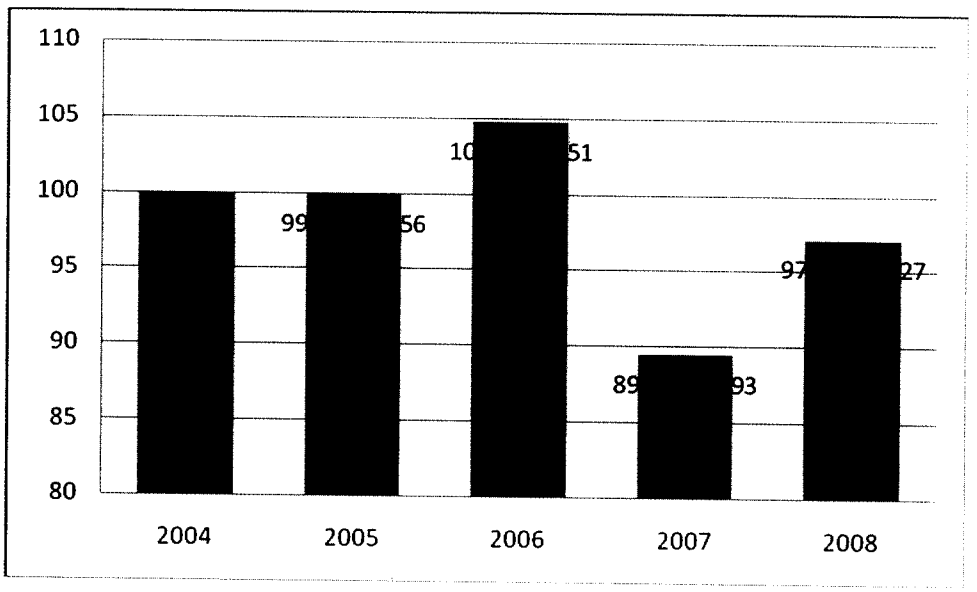
COMPARISION OF FIVE YEAR COMBER PROCESS

	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
RS	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
ss	407776.356	26909074	402691.038	28235261.37	345330.2432	23990068.16	355365.2812	26136345.48	358647.5284	26956642.58
		321770		322920		324070		325220		326370
el		560700		592535		589746		591088		591301
		20450		45975		43304		45649		45680
		85987		93252		72050		73395		73540
		198980		169990		142322		142024		142169
	407776.356	28096961	402691.038	29459933.37	345330.2432	25161560.16	355365.2812	27313721.48	358647.5284	28135702.58

TABLE NO : 4.55
TABLE SHOWING THE TREND ANALYSIS OF COMBER PROCESS:

YEAR	AMOUNT	TREND PRECENTAGE
2004	28135703	100
2005	28096961	99.8623
2006	29459933	104.7066
2007	25161560	89.42929
2008	27313721	97.07851

CHART NO : 4.6



The output of the breaker drawing process is transferred to this process. Comparing to five year trend analysis in mixing process year 2005 is high as 99.8623% . Labour cost is low in the year 2006 so it goes up as 104.7066%. Demand for 40s count is low to the year 2007 compared to other years. And there is the gradual increase of demand for subsequent years.

TABLE NO : 4.54

COMPARISION OF FIVE YEAR FINISHER DRAWING PROCESS

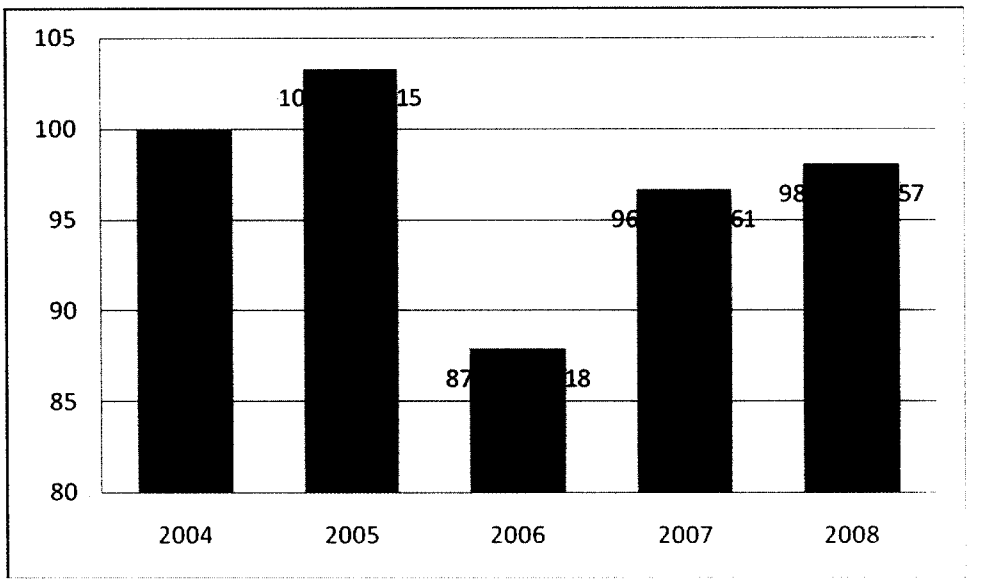
S	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
	350687.6662	26612655.32	342287.3823	27527016.39	293530.7067	23348576.38	302060.489	25767882.51	304850.3991	26145208.8
		126170		127320		128470		129620		130770
1		389797		359895		357105		357302		357623
		185500		185500		160599		161839		161963
		112750		121670		91218		92115		92540
		165785		178972		157628		157949		158095
	350687.6662	27592657.32	342287.3823	28500373.39	293530.7067	24243596.38	302060.489	26666707.51	304850.3991	27046199.8

TABLE NO : 4.57

TABLE SHOWING THE TREND ANALYSIS OF FINISHER DRAWING PROCESS

YEAR	AMOUNT	TREND PRECENTAGE
2004	27592657	100
2005	28500373	103.2897
2006	24243596	87.86249
2007	26666708	96.64422
2008	27046200	98.01955

CHART NO : 4.7



The output of the comber process is transferred to this process. Comparing to five year trend analysis in mixing process year 2005 is high as 103.2897%. In this process power & fuel plays a vital role . Power & fuel made the year 2005 so expensive. Because raw material plays vital role than the other expenses. Next to opening stock, indirect expenses and other expenses plays a major role. The labour labour cost is also low when compare to other year. Year 2006 raw material cost is to low as 87.86249 %. Demand for 40s count is low compared to other years. And there is the gradual increase of demand for subsequent years.

TABLE NO : 4.58

COMPARISION OF FIVE YEAR SIMPLEX PROCESS

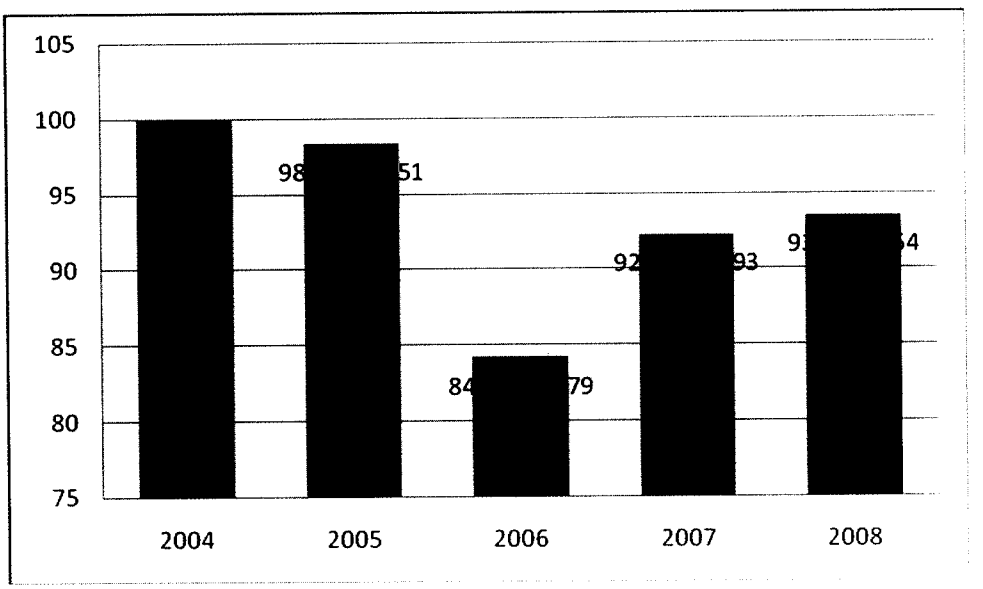
S	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
	347180.7895	28663349.14	342287.3823	28500373.39	293530.7067	24243596.38	302060.489	26666707.51	304850.3991	27046199.8
		361685		362835		363985		365135		366285
l		475690		477950		470060		470257		470689
		189675		76816		75247		77703		77777
		204590		99450		99215		99474		99597
		267545		145945		142467		143710		143975
	347180.7895	30162534.14	342287.3823	29663369.39	293530.7067	25394570.38	302060.489	27822986.51	304850.3991	28204522.8

TABLE NO : 4.59

TABLE SHOWING THE TREND ANALYSIS OF SIMPLEX PROCESS

YEAR	AMOUNT	TREND PRECENTAGE
2004	30162534	100
2005	29663369	98.34508
2006	25394570	84.19243
2007	27822987	92.24353
2008	28204523	93.50847

CHART NO : 4.8



The output of the Finisher drawing process is transferred to this process. Comparing to five year trend analysis in mixing process year 2005 is high as 98.34508%. In this process power & fuel plays a vital role . Power & fuel made the year 2005 so expensive. Because raw material plays vital role than the other expenses. Next to opening stock, indirect expenses and other expenses plays a major role. The labour labour cost is also low when compare to other year. Year 2006 raw material cost is to low as 84.19243%. Demand for 40s count is low compared to other years. And there is the gradual increase of demand for subsequent years.

TABLE NO : 4.60

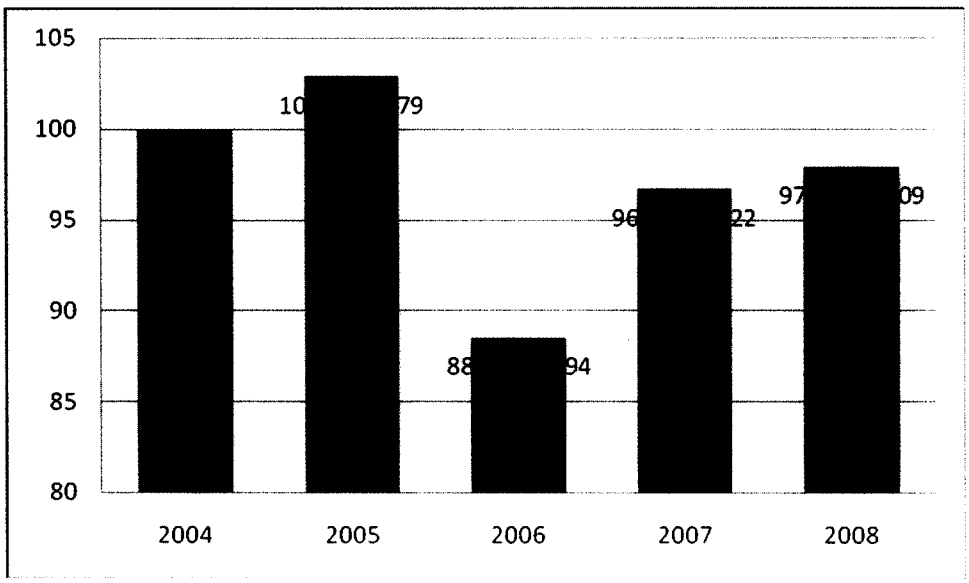
COMPARISION OF FIVE YEAR SPINNING PROCESS

YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
343708.9816	30047964.48	338179.9337	29519608.69	290301.8689	25249272.68	298737.8236	27716661.22	301497.0447	28073741.98
	359800		362835		363985		365135		36628
	689800		478035		473467		473663		47387
	195609		209675		161766		164444		16457
	87452		187496		184277		184602		18481
	167545		277869		264969		266236		26655
347180.7895	30162534.14	338179.9337	31035518.69	290301.8689	26697736.68	298737.8236	29170741.22	301497.0447	29529849.98

TABLE NO : 4.61
TABLE SHOWING THE TREND ANALYSIS OF SPINNING PROCESS

YEAR	AMOUNT	TREND PRECENTAGE
2004	30162534	1OO
2005	31035519	102.8943
2006	26697737	88.51291
2007	29170741	96.71184
2008	29529850	97.90242

CHART NO : 4.9



The output of the simplex process is transferred to this process. Comparing to five year trend analysis in mixing process year 2005 is high as 102.8943%. In this process power & fuel plays a vital role . Power & fuel made the year 2005 so expensive. Because raw material plays vital role than the other expenses. Next to opening stock, indirect expenses and other expenses plays a major role. The labour labour cost is also low when compare to other year. Year 2006 raw material cost is to low as 88.51291%. Demand for 40s count is low compared to other years. And there is the gradual increase of demand for subsequent years.

TABLE NO : 4.62

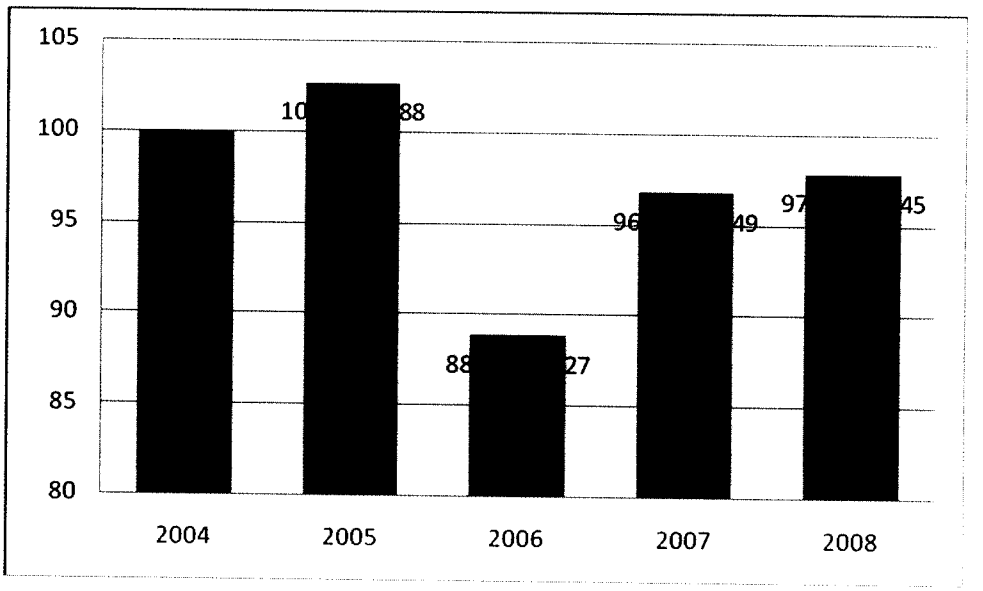
COMPARISION OF FIVE YEAR CONE WINDING PROCESS

	YEAR 2003-2004		YEAR 2004-2005		YEAR 2005-2006		YEAR 2006-2007		YEAR 2007-2008	
	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.	UNITS	AMOUNT Rs.
	343708.9816	30047964.48	334121.7745	30881308.64	286818.2465	26530522.81	295152.9698	29038101.62	297879.0802	29374277.5
		359800		360950		362100		363250		364400
		689800		692690		689200		689397		689651
		195609		183778		180989		181334		181479
		87452		93524		92978		93192		93735
		167545		167545		164411		166861		167187
	343708.9816	31548170.48	334121.7745	32379795.64	286818.2465	28020200.81	295152.9698	30532135.62	297879.0802	30870729.5

TABLE NO : 4.63
TABLE SHOWING THE TREND ANALYSIS OF CONE WINDING PROCESS

YEAR	AMOUNT	TREND PRECENTAGE
2004	31548170	100
2005	32379796	102.636
,2006	28020201	88.8172
2007	30532136	96.77942
2008	30870730	97.85268

CHART NO : 4.10



The output of the spinning process is transferred to this process. Comparing to five year trend analysis in mixing process year 2005 is high as 102.636%. In this process power & fuel plays a vital role . Power & fuel made the year 2005 so expensive. Because raw material plays vital role than the other expenses. Next to opening stock, indirect expenses and other expenses plays a major role. The labour labour cost is also low when compare to other year. Year 2006 raw material cost is to low as 88.8172 %. Demand for 40s count is low compared to other years. And there is the gradual increase of demand for subsequent years.

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

- It is found to have high wastages in all the nine process for the entire study period.

- It is found that the company is using the power & fuel for removing all the impurities of seeds, seeds particles, leaf particles, sand & dust through beating and opening processes which will reduce the loss that would occur due to reworking and quality improvement in this subsequent process.

- It is found that mostly indirect expenditures are higher than the other expenses in all the processes, expect in some other process.

- It is found that in all the periods ,next to indirect expenses power and fuel cost plays a major role. In simplex and spinning process the power cost is higher than the other process

- It is found that in all the periods , the requirement of labour is less in the 40s count

- It is found that the normal loss occurring in each process can be sold at market price to produce some other by – products or to produce the low quality of yarn.

- Repairs and maintenance, depreciation (i.e indirect expense) is high.

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- It is found that due to the modernized the scutcher chute line is used in the blow room line has enhanced the company to reduce the cost by 2%.

- Raw material is always high for 40s counts when compared to the 30s count.

- It is found that the company has gone for bulk purchase of raw materials during 2005, 2007 and 2008 led to increase in cost and lower purchases had been made during the year 2006.

SUGGESTIONS

- It is suggested to the company Company to stock the raw materials to avoid the sudden increase price in purchasing raw material.
- Normal loss occurring in each process can sells at market price to produce some other by – products or to produce MAT,PILLOWS,TOYS
- The company can enhance to the repairs and maintenance, depreciation,expenditure.
- It is difficult to reduce the process costing in fullest, but steps can be taken by the company to minimize it.Power which is one of the important factor to run the textile industry. We cannot able to fully reduce the power cost but the company can try to minimize the power cost by using some other power consuming electric machines.
- The company can motivate the Labour by giving increase in wages of the Labour because of these there is a chance to increase the production.
- Abnormal loss can be avoided by using highly computerized machines.
- Abnormal loss occurred because of the labours lack of concentrations in the cone winding process. Because of this knot occurs and the production also lowers. This leads to bad impact to the company in the market. So Labours should have more concentration in the cone winding process.
- The company owner can use special tactics to maintain the skilled labours by giving personal appreciations, gifts etc.
- The company can produce the counts according to the market demand.

CONCLUSION

The project has been done in Sangeeth textiles limited, Annur with a view to see the cost incurred in each process to produce the 40s count of Sangeeth textiles limited, Annur.

The project study has helped to know the cost incurred in each process to produce 40s count of Sangeeth textiles limited, Annur. The company has to take suitable measures to improve the effectiveness of production. The indirect expense also seems to be high when compared with all expenses in each process of 40s count.

The company should experience the promising trend, if it implements the above said suggestions and it can ensure the profitability in the near furure of the company. Increase in profit of the company can compete with other companies by increasing some more spindles.

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