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**UNITED NATIONS INDUSTRIAL  
DEVELOPMENT ORGANISATION**

**INDUSTRIAL PRODUCTIVITY IMPROVEMENT**

S/I / SRL / 96 / 801

**RESTRUCTURING ASSISTANCE AND  
PRODUCTIVITY SURVEY  
SUBCONTRACT NO. 96 / 118P**

**DIAGNOSTIC REPORT  
SINWA GROUP OF COMPANIES**



**NATIONAL INSTITUTE OF BUSINESS  
MANAGEMENT  
120 / 5, WIJERAMA MAWATHA  
COLOMBO 7  
SRI LANKA**

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## 1.0 INTRODUCTION

The National Institute of Business Management was selected by UNIDO to execute a subcontract on Enterprise Diagnostics for the enterprises participating in the Restructuring Assistance programme. The Restructuring Assistance programme is a part of the UNIDO project on Industrial Productivity Improvement SI/SRL/96/801.

This report was based on the findings of a team consultants who studied the important functions of this enterprise and its operating environment.



## 2.0 BACKGROUND

Ceylon Malayan Rubber Goods Ltd. the parent company of the Sinwa Group was established in 1950 with technical assistance from a Malaysian company.

In 1964 the company launched the industrial adhesive Multibond with technical collaboration from a German company. In 1978 Sinwa Adhesives Ltd., was formed to concentrate on the development of adhesives.

Sinwa Marketing Pvt. Ltd. handle marketing of products manufactured by the group. It also markets imported adhesives and adhesive tapes manufactured by 3M, and adhesives with the brand name Evo-stik imported from Britain.

Mr. M. Nazier Cader is the Chairman of this group of companies and he function as the Chief Executive Officer.

Details of the Board of Directors are as follows:

NAME	STATUS	AREA OF ACTIVITY
M NAZIER CADER	CHAIRMAN	CEO
M KHAJA CADER	DEPUTY CHAIRMAN	GROUP ADMIN.
MOHIDEEN CADER	MANAGING DIRECTOR	FINANCE / OPERATIONS
PROF. M T A FURKHAN	DIRECTOR	NON EXECUTIVE
A FAZEL BAWA	DIRECTOR	NON EXECUTIVE
A MACKY ZIYARD	DIRECTOR	NON EXECUTIVE

Past performance of this enterprise can be judged from the following data:

	1970	1985	1995
Approximate No. of Employees	NA	NA	224
Value of Sales (RS.)	.51 Mil.	28.2 Mil.	123.1 Mil.
Profits	.1 Mil.	.07 Mil.	5.8 Mil.
Total Capital Employed	.25 Mil.	.25 Mil.	50 Mil. (assets re valued)

### 3.0 ORGANISATION STRUCTURE

In 1994 the company was restructured and converted to a Public Group of Companies from a Private family owned organisation and the name was changed to Sinwa Holdings Ltd.

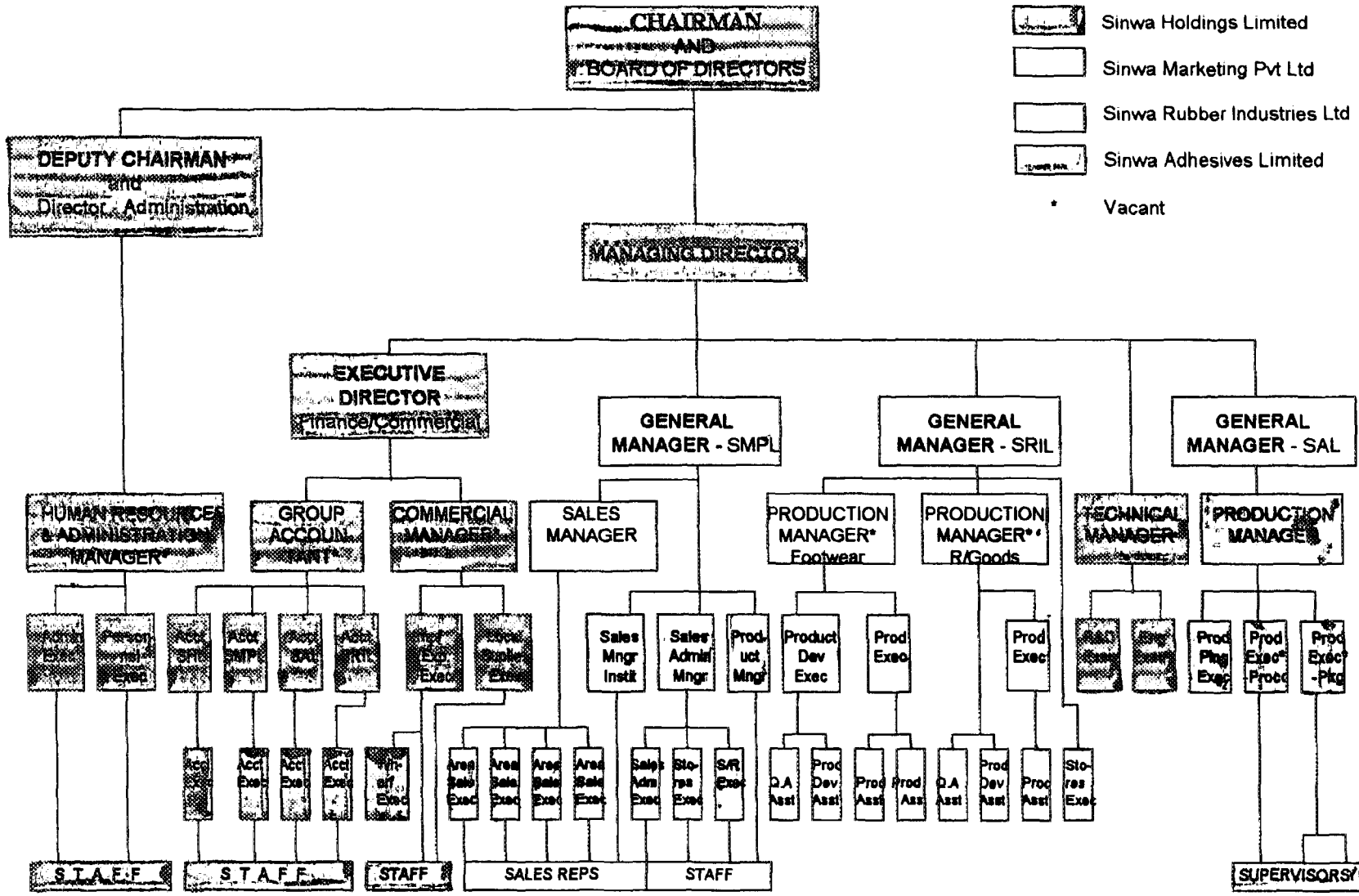
Current division of activities among the various companies in the group are as follows:




<b>COMPANY</b>	<b>MAIN ACTIVITY</b>
SINWA HOLDINGS LTD.	GROUP INVESTMENT AND CORPORATE MANAGEMENT
SINWA MARKETING PRIVATE LTD.	MARKET PRODUCTS OF THE GROUP AND INTERNATIONAL BRANDS
SINWA ADHESIVES LTD.	MANUFACTURE MULTIBOND RANGE OF INDUSTRIAL HOUSEHOLD ADHESIVES
SINWA RUBBER INDUSTRIES LTD.	MANUFACTURE OF FOOTWEAR AND RUBBER PRODUCTS
REDAC INTERNATIONAL ASSOCIATES PVT. LTD.	LOCAL AND INTERNATIONAL TRADING LTD.

The organisational structure proposed for the restructured organisation is given in [REDACTED]  
[REDACTED] The enterprise intend to change the designations and make future recruitment's based on the proposed structure.

**Sinwa Holdings Limited - Group Organisation Chart**

TABLE 2.1



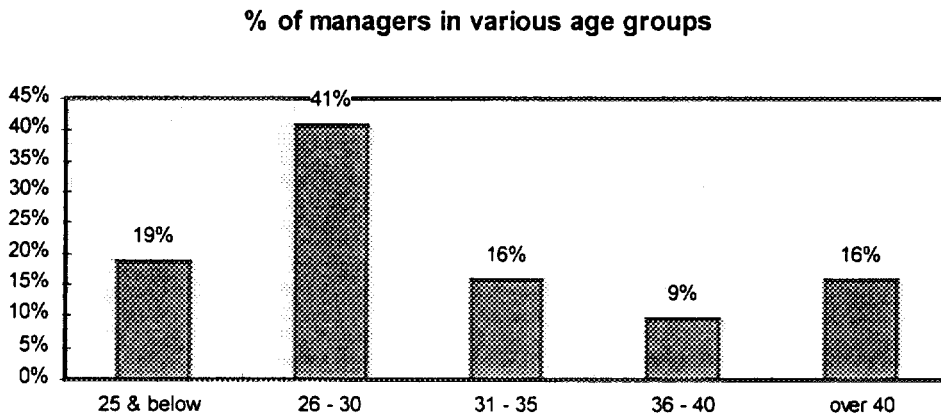
-  Sinwa Holdings Limited
-  Sinwa Marketing Pvt Ltd
-  Sinwa Rubber Industries Ltd
-  Sinwa Adhesives Limited
- Vacant

#### 4.0 EMPLOYMENT DATA

##### 4.1 MANAGEMENT GRADES

A summary of the backgrounds of the management grades are given in ANNEX I.

Percentage of managers under the various age groups are given in the histogram shown below.



60 % Of the managers are fall into the 30 years and below categories, and 76% to the 35 years and below categories. We can conclude that the personnel in management grades are relatively young compared to enterprises of the same vintage.

The data in ANNEX I indicate that the basic education background of the managers are relatively low compared to their ages. However as a result of the company adopting an active policy in management training, many of them have been exposed to training programmes conducted by management training organisations in Sri Lanka. The company does not have an explicit management development strategy.

##### 4.2 SKILLED, UNSKILLED AND CASUAL WORKERS

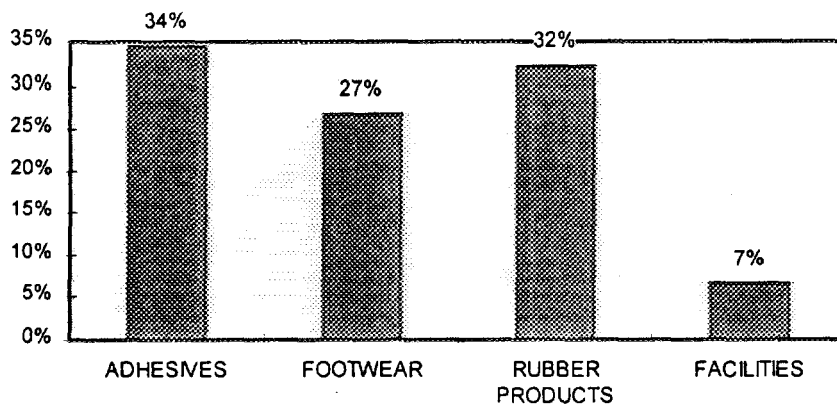
A breakdown of the above categories of workers are:

	Male	Female
Skilled Workers	23	54
Unskilled Workers	3	5
Casual Workers		5
TOTAL	26	64

The deployment of the labour force in the various sections are as follows:

	SKILLED	SEMISKILLED	UNSKILLED	TOTAL
ADHESIVES	28	1	2	31
FOOTWEAR	22	1	1	24
RUBBER PRODUCTS	22	5	2	29
FACILITIES	5	1		6
TOTAL	77	8	5	90

**% deployment of labour force in various sections**



The rubber products section makes many parts that are used by the footwear section and in the manufacture of gum boots. For purposes of administration the gum boot section is managed together with the rubber goods section.

## 5.0 PRODUCTS

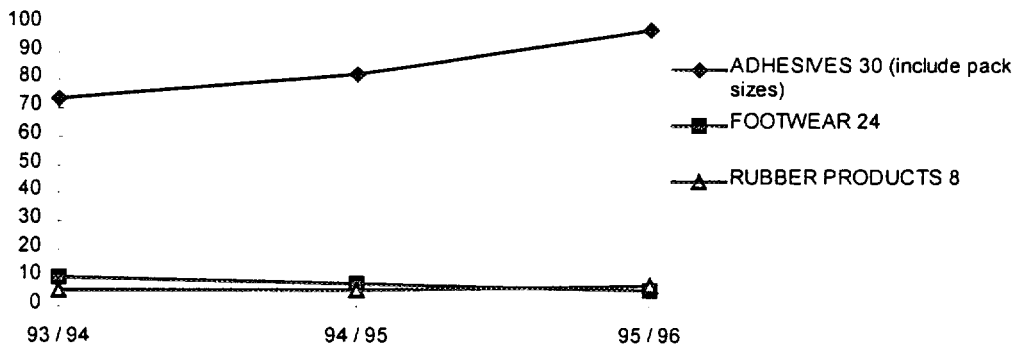
The products manufactured by the Sinwa Group of companies are:

- i. Adhesives
- ii. Footwear
- iii. Rubber Products

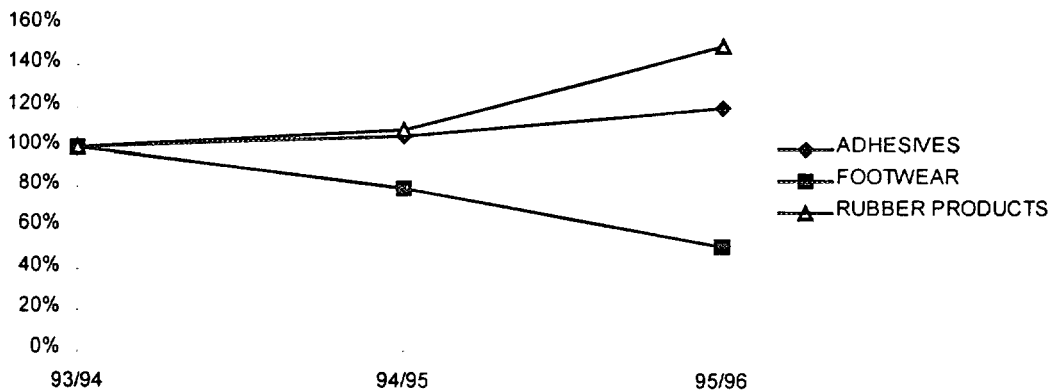
The sale values and quantities of products produced during the past three years are:

	approx. no. of items in product group	1993 / 94		1994 / 95		1995 / 96	
		Quantity ' 000	Value (Rs. Mil.)	Quantity ' 000	Value (Rs. Mil.)	Quantity ' 000	Value (Rs. Mil.)
ADHESIVES - LITERS	30 (include pack sizes)	863	73.7	908.5	82	1033	98
FOOTWEAR - PAIRS	24	288	10.4	228	8	145	5.7
RUBBER PRODUCTS	8	24	5.4	26	5.9	36	7.5

turnover of product groups in millions of Rs.



sales quantity as a % 93/94 quantity



Quantities of adhesive and rubber goods sold have increased but footwear sales have come down. However the management is expecting the footwear sales to pickup due to improved focusing on the market by identifying niches and improving product design.

## **6.0 MARKETING FUNCTION**

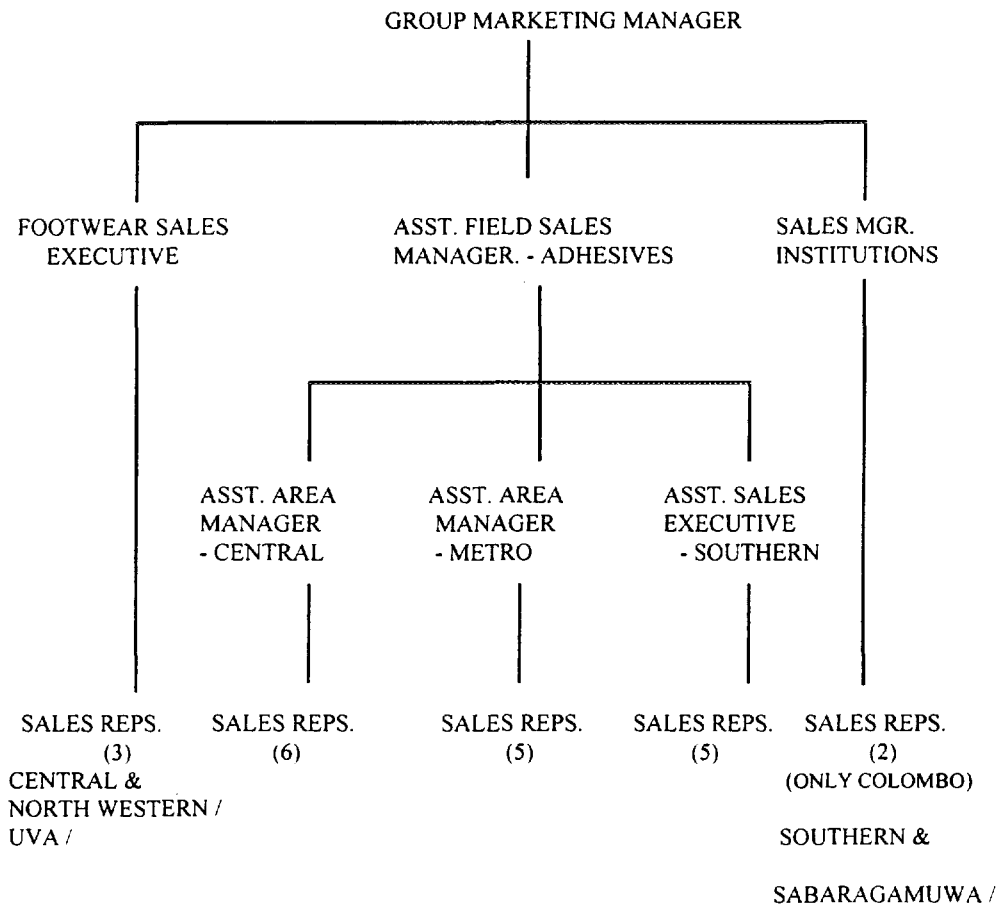
### **6.1 MARKETING ORGANISATION**

The marketing of the products manufactured by the group are done by Sinwa Marketing Private Limited. In addition to marketing the products manufactured by the Sinwa group they also distribute industrial adhesives made by 3M and consumer adhesives made by Evodes of London.

The marketing operation is headed by the group marketing manager. It is divided into three profit centres:

- Standard adhesives range marketed to consumers island wide through hardware retailers.
- Bulk sales of standard and special formulations of adhesives direct to institutions.
- Footwear

The structure of the marketing organisation is as follows:



The eleven sales representatives market the standard adhesives through hardware retailers. Approximately 3000 hardware outlets stock the enterprises adhesives.

The sales personnel have sales meeting once a month.

The shoes are marketed to retailers through three sales representatives. In addition the group also has its own retail outlet in Majestic City at Bambalapitiya, Colombo 4.



## 6.2 MARKET SHARE AND PROMOTION STRATEGY

The market share of the products marketed by the group are as follows:

PRODUCT	MARKET SHARE
STANDARD ADEHESIVE PRODUCTS - AROUND 30 DIFFERENT PRODUCTS INCLUDING PACK SIZES.	60% TO 70% OF THE FORMAL MARKET
BULKREQUIREMENTS OF ADHESIVE TO INSTITUTIONS	40% TO 50%
FOOTWEAR & RUBBER PRODUCTS	NEGLIGIBLE

The price list of industrial and consumer adhesives is given in **ANNEX II**.

About 1% of the of the 40% market share of sales to institutions can be attributed to 3M adhesives.

The enterprise feels that the sale of the few imported items in the consumer price list do not make a significant contribution to the sales turnover.

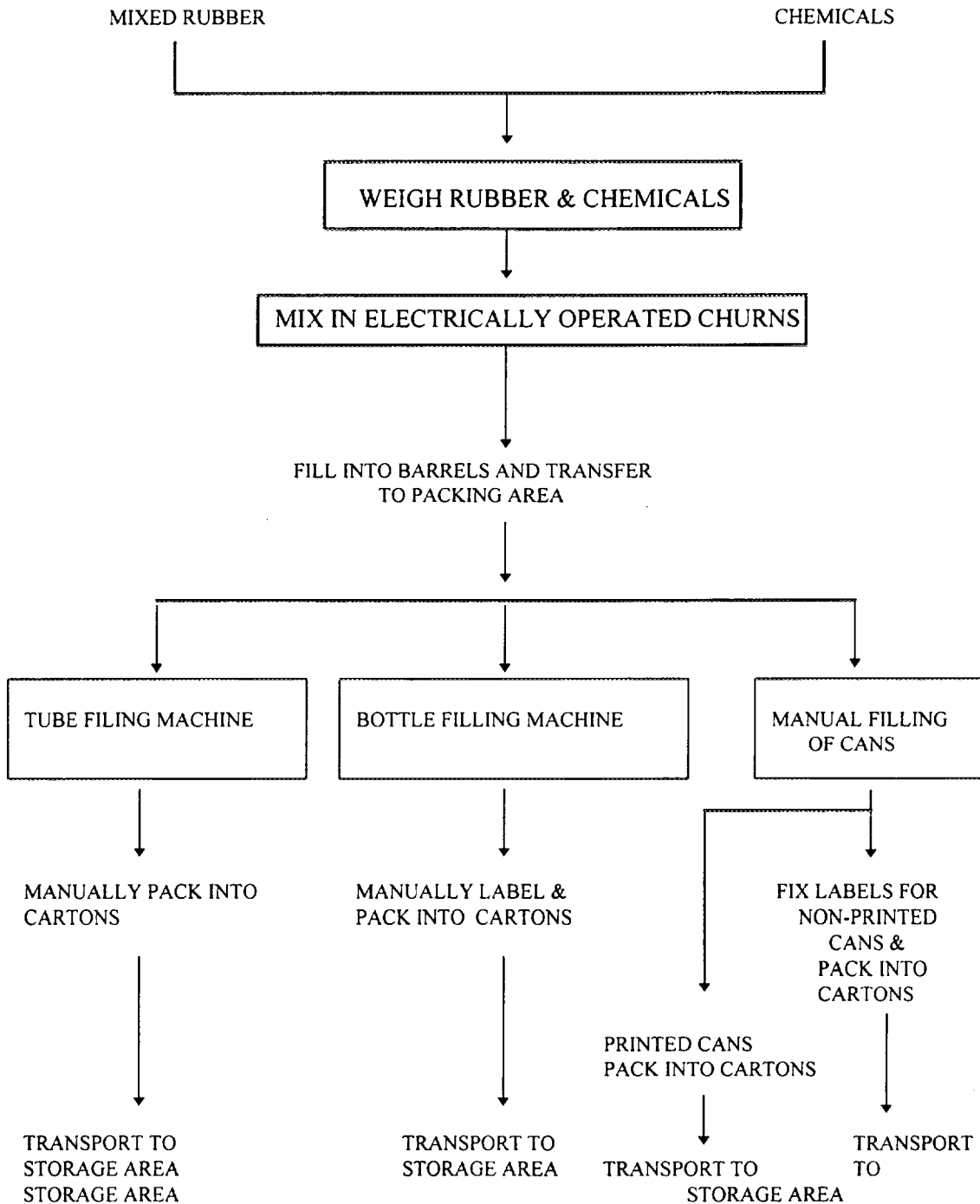
Footwear sales faces stiff competition from the multinational Bata and a Sri Lankan manufacturer DSI. However this enterprise appear to be carving out a niche in the children's shoe market and the gum boot market. The outlet in the Unity Plaza market footwear imported from abroad and made by local subcontractors. Around 40% of the sales from this outlet can be attributed to imported shoes.

Other than dealer boards and points of sale advertising there is no clear promotion strategy or an advertising strategy. Some time in the future this enterprise intend to spend 1 to 2 percent of its sales turnover on mass media advertising.

## 7.0 PRODUCTION

### 7.1 ADHESIVES

The manufacturing process is basically confined to mixing of solids and liquids. The finished adhesives are packed into cans, plastic bottles or metal tubes. An outline of the process is given below.



## 7.2 RUBBER GOODS

Footwear and rubber goods sections are under the general manager Sinwa Rubber Industries Ltd. The present organisational structure of this section is as follows:

GENERAL MANAGER SINWA RUBBER  
INDUSTRIES LTD.

PRODUCTION EXECUTIVE  
FOOTWEAR & PRODUCT  
DEVELOPMENT

EXECUTIVE  
PRODUCTION &  
TECHNICAL

PRODUCTION  
EXECUTIVE RUBBER  
GOODS

PLANNING &  
COORDINATION  
EXECUTIVE

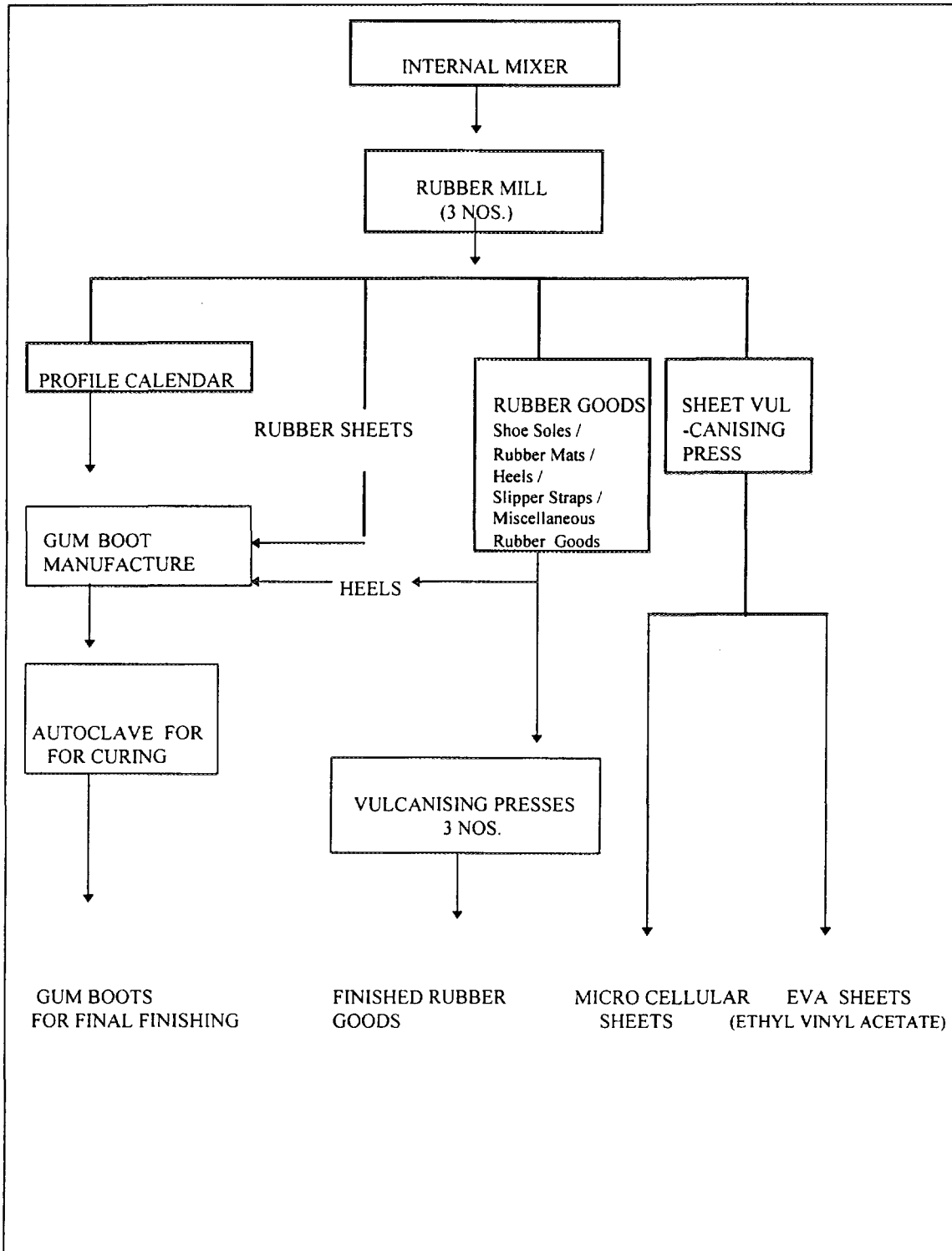
PRODUCTION ASSISTANT

WORKERS (25)

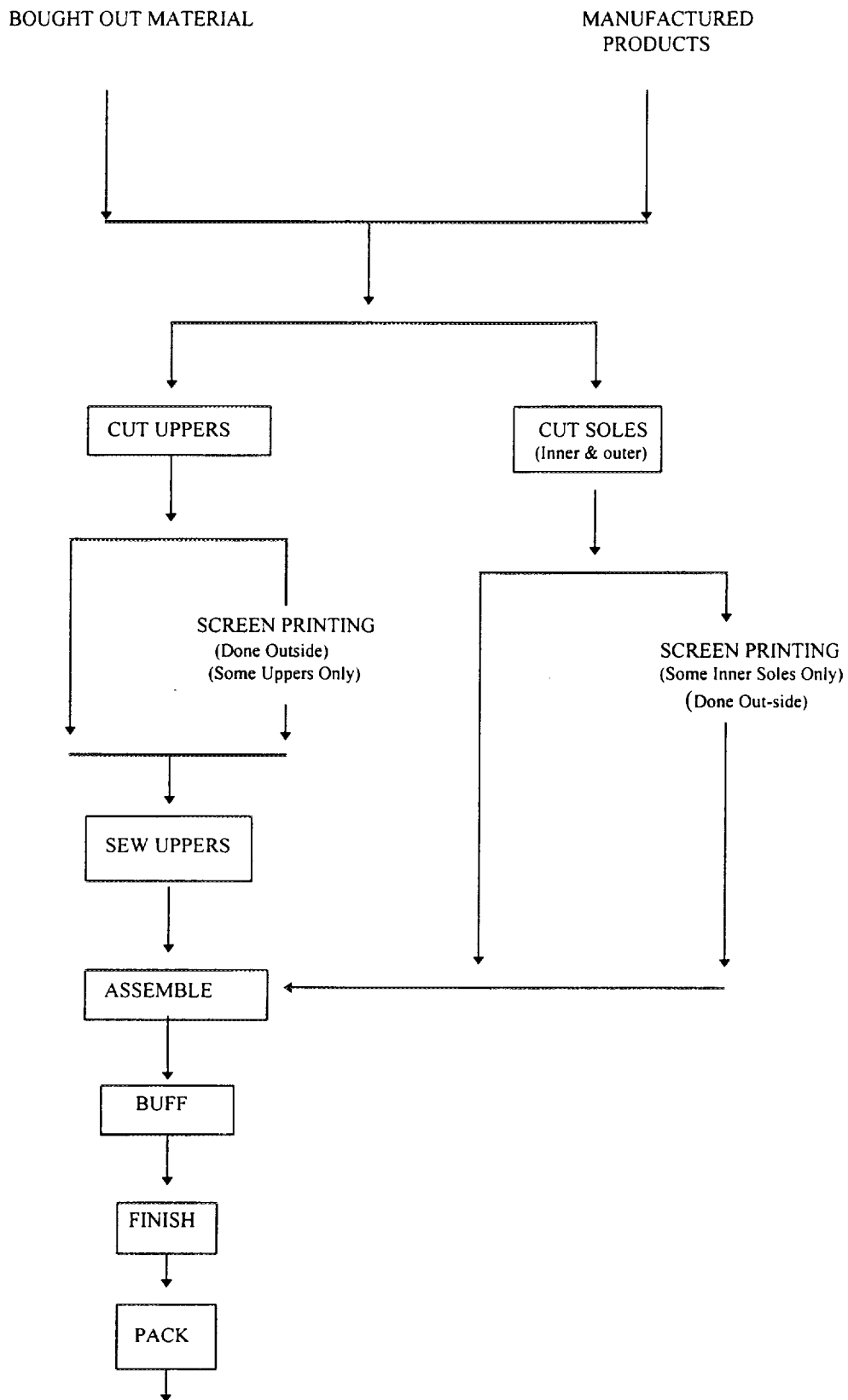
SUPERVISORS (2)

WORKERS (33)

The outline of the rubber goods production process is as follows:



Out line of the footwear production / assembly process is as follows:



## RUBBER GOODS PRODUCTION

The main outputs of the rubber goods production section are:

- Rubber goods
  - Shoe soles
  - Rubber sheets
  - Rubber mats
  - Heels
  - Slipper straps
  - Miscellaneous rubber goods
  
- Gum boots
  
- Ethyl Vinyl Acetate Sheets (EVA)

All the EVA sheet production is sold to outside customers. Some of the products manufactured under the rubber goods category are used for the companies own products.

## FOOTWEAR ASSEMBLY PROCESS

This process begin by cutting soles and uppers. Designs are printed on some of the cut plastic sheets used for manufacturing ladies and children’s footwear. The printing component is subcontracted to an outside source. The work elements in the assembly section are well thought of and reasonably well balanced. However the production volumes of the styles are not sufficient to reach high output efficiencies.

### 7.3 PLANT AND MACHINERY AND CAPACITY UTILISATION

A list of plant and machinery together with some relevant details is given in ANNEX III.

Current capacity utilisation of important machinery are given in ANNEX IV.

An extract from the data given in ANNEX IV, of only the capacity utilisation and the section in which the machine is in, are given below.

capacity utilisation %	SECTION	capacity utilisation %	SECTION	capacity utilisation %	SECTION
14%	ADHESIVES	38%	FOOTWEAR	55%	RUBBER
65%	ADHESIVES	25%	FOOTWEAR	45%	RUBBER
10%	ADHESIVES	50%	FOOTWEAR	45%	RUBBER
25%	ADHESIVES	30%	FOOTWEAR	19%	RUBBER
		60%	FOOTWEAR	57%	RUBBER
		25%	FOOTWEAR	92%	RUBBER
		60%	FOOTWEAR	52%	RUBBER
		30%	FOOTWEAR		

The machines are considerably under utilised and production can be significantly increased if markets and finance could be found. However the machinery is fairly old and the operating costs will tend to be significantly higher than new machinery. Utilisation increases will have to be evaluated with increases in operating costs.

## 8.0 RAW MATERIALS

Material requirements are planed on the quarterly forecasts given by marketing.

A minimum of four to eight weeks of stocks are maintained for imported materials.

The entire requirements of packing materials are purchased locally. The minimum delivery lead time for cans is six weeks.

Around 30 important stock items are used in the manufacturing processes.

The main raw materials used and other relevant details are as follows:

RAW MATERIAL	ANUAL USE IN RS. MIL.	IMPORTED PERCENTAGE
PETROLEUM SOLVENTS	Rs.20	100%
SYNTHETIC RUBBER	Rs.4	100%
ARTIFICIAL LEATHER	Rs.2	NONE
NATURAL RUBBER	Rs.2	NONE

## 9.0 PRODUCTION PLANNING

Marketing give quarterly demand estimates of adhesives and footwear one and a half months before the start of a quarter. Production and material requirements are planed on these estimates.

Market demand estimates are reviewed monthly.

Production orders are placed weekly, based on a "weekly output / demand review".

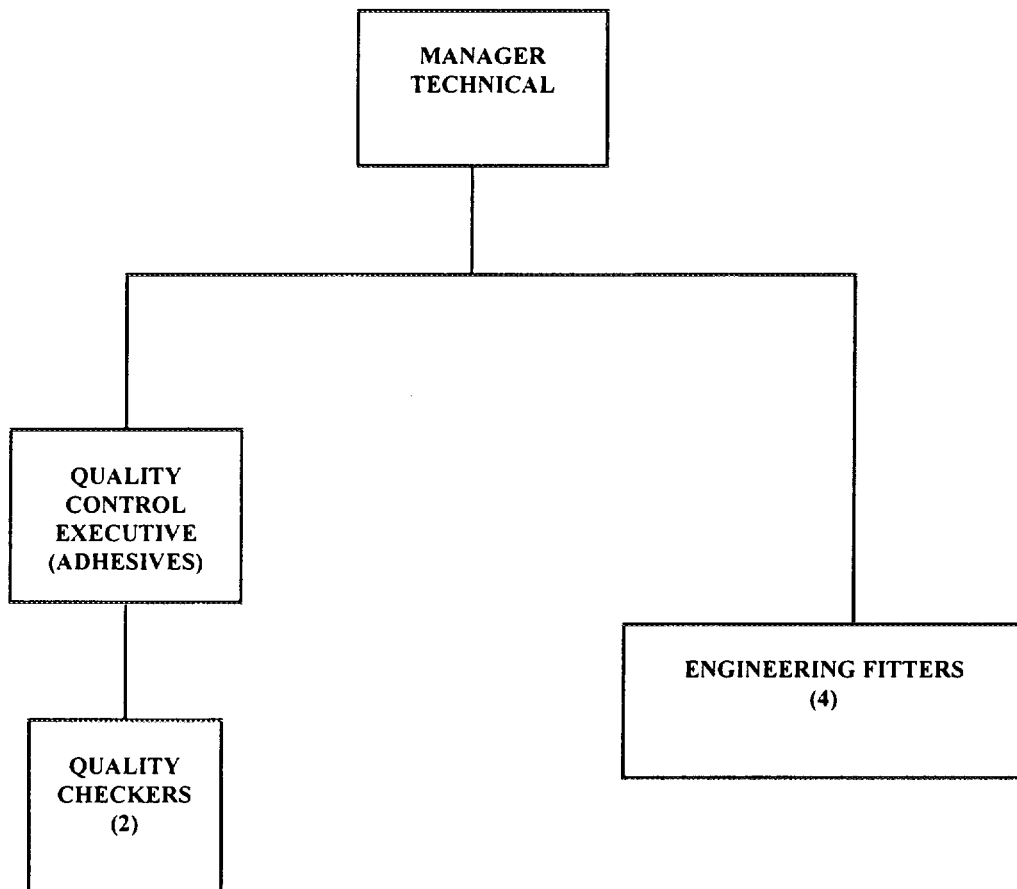
A meetings between production and marketing is held monthly to discuss market requirements and production schedules.

## 10.0 MAINTENANCE, QUALITY CONTROL, AND PRODUCT DEVELOPMENT

The Manager Technical is in-charge of the following functions :

- Maintenance
- Quality control of adhesives.
- Developing of standard adhesives and special adhesives to suit customer requirements.

The organisation for performing these functions are as follows:



### MAINTENANCE

The maintenance function of all the sections and any mechanical development work required by the group are handled by the four engineering fitters under the direction of the manager technical.



## QUALITY CONTROL OF ADHESIVES

The quality of all production batches are controlled regularly by performing the following activities:

- i. By close monitoring of the viscosity and the total solid content.
- ii. In coming quality control of packing materials.
- iii. Visual checks of packed items.

Testing facilities available for adhesives are:

- i. Viscosity measuring facilities.
- ii. Test for total solids.
- iii. Peel strength.
- iv. Creep test.

## PRODUCT DEVELOPMENT - ADHESIVES

On the average three to four request per month is received from institutions to develop customised adhesives.

During the past three years five new types of adhesives have been introduced to the market.

The following facilities are available for new product development:

- Facility for analysing solvents in adhesives.
- Pilot plant for producing sample quantities of adhesives.

## QUALITY CONTROL OF RUBBER GOODS

There are no facilities for testing the properties of rubber mixes. The general feeling is that there is very little variability since these processes have been repeated over a long period of time.

### QUALITY CONTROL FOOTWEAR

For footwear, specifications are written by the executive responsible for product development. Purchasing and production are expected to adhere to these specifications. Every person handling the product is expected to visually inspect it. There are two inspectors assigned for final inspection which is done at the time of packing.

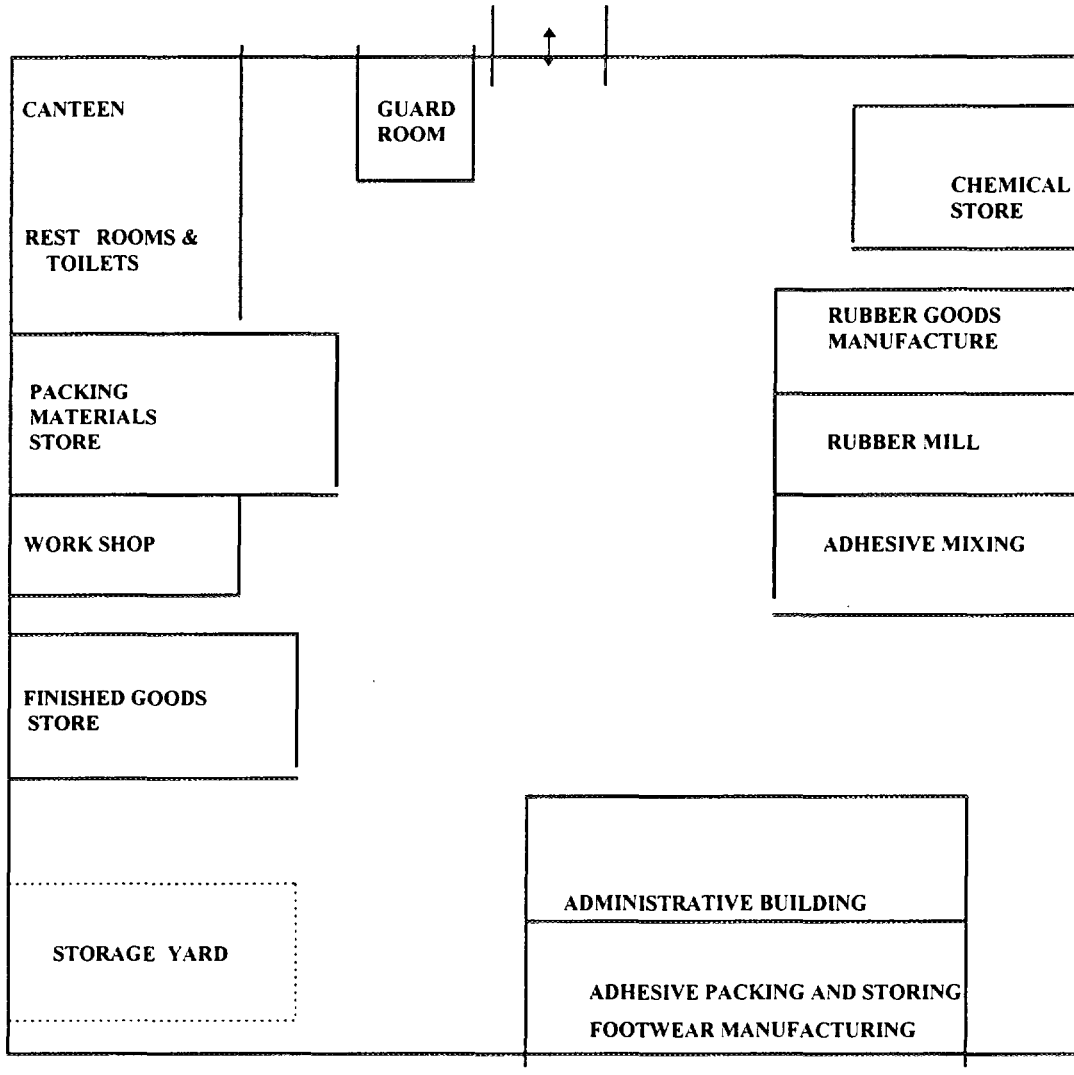
### PRODUCT DEVELOPMENT - FOOTWEAR

The styles are given to the executive responsible for product development by marketing and are copied from overseas journals. Samples are made and forwarded to a committee which meets once a month. This committee decides on the samples that should be accepted for production. The costs of samples accepted for production are calculated on product development specifications.

## 11.0 LOCATION AND LAYOUT OF FACILITIES

The location of the main facilities are as follows:

### FACILITIES LOCATION (NOT TO SCALE)



The adhesive mixing unit and the rubber goods manufacturing unit are located in separate buildings to the adhesive packing unit and the footwear assembly unit. Finished goods store and the packing material store are located in separate buildings. The building the adhesive packing unit and the shoe assembly line are located in, is in two levels. Poor material flows due to haphazard locations has resulted in considerable effort being wasted in material handling.

Apart from simple trolleys no other material handling devices are used. A considerable amount of space is wasted as a result of not having proper storage systems both in the shoe assembly and adhesive packing areas.

The factory is located in an residential area. The Company has thought about shifting its operation to an industrial area. But they certainly has no time target set for this and its unlikely to take place in the near future.

## 12.0 COMPUTER USAGE

The type of CPU's and their locations are as follows:

TYPE OF CPU	LOCATION
486EDX - 66MHZ	FINANCE - DEBTORS CONTROL
386DX - 33 MHZ	COMMERCIAL - RAW MATERIAL INVENTORY CONTROL
286 - 25 MHZ	FINANCE - GENERAL LEDGER, CREDITORS, PAYROLL
286 - 25 MHZ	FINANCE - GENERAL LEDGER, CREDITORS, PAYROLL
486 - SX 40MHZ	FINANCE - GENERAL LEDGER, CREDITORS
386 - SX 25 MHZ	FINANCE- SALARIES, WAGES
386 - SX 33MHZ	SALES - INVENTORY CONTROL SYSTEM
486 - SX 40MHZ.	SALES - SECOUNDARY SALES SYSTEM

The software used were developed by external software companies. The enterprise do not have the capability to do any modifications to the software in currently used by them.

The routine outputs obtained are as follows:

PRESENT LOCATION	ROUTINE OUTPUT
FINANCE - DEBTORS	STATEMENT OF ACCOUNTS, AGE ANALYSIS, DEBTORS CREDIBILITY REPORT, CHEQUES TO BE BANKED, DISHONOURD CHEQUES REPORT.
COMMERCIAL - INVENTORY	STOCK VALUATION REPORT, STOCK MOVEMENT REPORT, STOCK AGE ANALYSIS REPORT, STOCK VARIANCE REPORT, GRN/MRN LISTING
FINANCE - GENERAL LEDGER	TRIAL BALANCE, PROFIT AND LOSS, BALANCE SHEET, GENERAL LEDGER LISTING
FINANCE - CREDITORS	AGE ANALYSIS REPORT, PAYMENT SCHEDULE, STATEMENT OF ACCOUNTS
FINANCE - SALARIES /WAGES	PAY SHEET, PAY SLIPS, PAY ROLL SUMMARY, COINAGE ANALYSIS, EPF/ETF STATEMENTS, STAMP DUTY
SALES-INVENTORY	STOCK VALUATION, MOVEMENT OF STOCKS, STOCK LEDGER, OPERATIONAL STATEMENTS, REP-WISE SALES VALUES, VARIANCE REPORTS, SALES RETURNS SUMMARY, SALES HISTORY
SALES SECONDARY SYSTEM	STOCKISTS' STOCK BALANCE REPORT, STOCKISTS' STOCK MOVEMENT REPORT, NON PRODUCTIVE OUTLETS FOR THE MONTH, SALES ANALYSIS OF A PRODUCT - STOCKIST-WISE, TERRITORY-WISE, PSA-WISE

Computers are extensively used in the accounting and inventory functions. They are hardly used in marketing or production areas.

## **13.0 CONCLUSIONS**

### **13.1 ORGANISATION**

This enterprise has an elaborate organisation structure with different companies for products and activities. Unless the volume of business grows considerably it may not be worth to have so many different companies managing such a small activity level.

### **13.2 MANAGERS BACKGROUNDS AND MANAGEMENT DEVELOPMENT STRATEGY**

High proportion of the managers and executives employed are relatively young. But their education levels are relatively low. These managers have been exposed to many programmes conducted by local management training institutions. The company has no definite development strategy for its managers.

### **13.3 PRODUCT OUTPUTS**

Comparing the past three years sales it could be observed that:

- The quantities of adhesives sold have increased significantly.
- Quantities of rubber goods sold show an increase in numbers but the values are not very significant.
- Footwear sales have come down.

This enterprise is well known for its adhesive products and this is reflected in the sales trends.

The rubber products division is currently being revamped. Many rubber products with relatively low values are sold to other small manufacturers of footwear. This is the reason for the increase in the number of units during the past three years.

The gum boots are a niche market. Both the local and foreign market can be further developed.

### **13.4 MARKETING FUNCTION**

The marketing organisation is well structured and experienced in selling to retail outlets. This could be considered as a positive strength of this enterprise. Though the large retail network this enterprise is servicing is in the hardware trade the experience gained in collecting and controlling credit could be immensely useful when intensifying sales to other types of retail outlets.

### **13.5 MARKET SHARE**

With 60% to 70% market share, this enterprise is the market leader in standard adhesives. It is also the market leader in bulk adhesives with a market share of 40% to 50%.

Though the market share in footwear is negligible, it has carved out a niche market in children's shoes and gum boots. It has a high potential to further enlarge the local market share in both these products.

The enterprise also has a set of well developed subcontractors who supply footwear to be marketed by them. Enlarging the subcontractors capacity could be considered as a strategy to improve the market share and also to expand the utilisation of the rubber goods factory.

The market share in rubber goods is negligible. The potential is there to increase production by supplying parts to other footwear manufacturers.

### **13.6 PRODUCTION**

#### **ADHESIVES**

Techniques used for material handling during the production process is very labour intensive. There are many manual operations and to some extent this could be attributed to poor layout. Poor handling results in material losses which adds up to be significant if the initial inputs and final outputs are calculated.

More than 80% of the production is manually packed. Only mechanised filling facilities it has is for tubes and bottles which are both small consumer packs. Apart from a bottle filling machine and a tube filling machine all the other types of packs are manually filled.

Significant material losses occur in the packing process. There is much room for improving the packing process by mechanising the filling, introducing some basic form of conveyors and racks for the storage of packed goods.

## FOOTWEAR

The footwear production is small but the work elements involved in the assembly process have been well thought of. Small quantities resulting in having to switch task very frequently results in low labour performance.

### **13.7 PLANT AND MACHINERY AND CAPACITY UTILISATION**

The plant and machinery is significantly old. This will result in high operating costs, material wastage and low product quality. This will prevent the enterprise from being competitive in the relatively capital intensive rubber goods industry.

The capacity utilisation of machinery in all the sections are low. Significant production increases can be comfortably accommodated with the existing machinery. But due to the earlier mentioned reasons the operating costs of such action will have to be carefully monitored.

### **13.8 MAINTENANCE, QUALITY CONTROL, AND PRODUCT DEVELOPMENT**

#### MAINTENANCE

The maintenance function is well organised and is under the technical manager.

#### QUALITY

The quality control aspect of adhesives are backed with adequate instruments and could be considered as satisfactory.

The quality control of footwear is mostly based on subjective judgements of standards set by the manager responsible for design.

No instrumentation is available for checking and calibrating the processes in the rubber goods section. This could result in both, poor quality outputs and high cost of materials.

There is also the added disadvantage of not being able to develop appropriate recipes for the products.

#### PRODUCT DEVELOPMENT

Adequate technical capability with a pilot plant facility is available for the development of adhesives.



A systematic procedure with backed with technical skills are available for developing new footwear designs.

No formal approach is taken for developing new rubber products.

### **13.9 LOCATION AND LAYOUT OF FACILITIES**

The facilities are haphazardly located. The result of this is a considerable amount of effort being wasted in handling materials.

The material flow in the footwear line takes place between the ground floor and the first floor in the same building.

There are many redundant pieces of equipment in the factory floors occupying significant amount of space and disrupting the flow of material.

Proper material handling methods are not used in all the main three production areas.

However the greatest improvements can be done in adhesive packing and storing areas.

The shifting of the factory to an industrial area is unlikely to take place in the near future.

### **13.10 COMPUTER USAGE**

Computers are extensively used in the accounting and inventory functions. They are hardly used in marketing or production areas.

## 14.0 RECOMMENDATIONS

### MANAGEMENT DEVELOPMENT STRATEGY

1. The enterprise gives weightage for management development but does not have a clear strategy. They should develop training plans for its managers by focusing on the areas to be developed and matching the education background of the managers with the training facilities available.

### PRODUCT OUTPUTS AND MARKET SHARE

2. More marketing effort should be put into increasing the market share of children's shoes and gum boots.
3. After careful costing of rubber products, efforts should be taken to increase the sales of products that are making a contribution.
4. In order to exploit the strength of the company's marketing organisation more effort should be put into marketing footwear supplies by subcontractors and output from the low value added less capital intensive footwear assembly operation.
5. The company already have the market leadership in adhesives.
  - Steps should be taken to maintain the market share in the case of the standard products.
  - More efforts should be put into increasing the market share of the custom made products.

### CAPACITY UTILISATION OF PRODUCTION FACILITIES

6. The capacity utilisation of the plant and machinery in all the three production sections are low. When increasing the utilisation of the machinery in the rubber goods section the products should be accurately costed and ensure sufficient contributions.

### QUALITY CONTROL

7. Set up facilities to measure and control the quality of outputs from the rubber goods production processes.

### PRODUCT DEVELOPMENT

8. Explore the feasibility of developing economical recipes for the rubber mixes used for the production of rubber goods.

9. Commission a market survey to develop new rubber products, to accommodate the excess capacity in the rubber goods section .

#### LOCATION LAYOUT OF FACILITIES

10. Study the feasibility of relocating the facilities to minimise handling.
11. design and install simple mechanical conveying systems and filling methods in the adhesive packing section.

#### COMPUTER USAGE

12. Introduce computers for product costing, production planning, production control and marketing.

## **15. 0 FINANCIAL REVIEW**

### **15.1. Financial Performance**

#### **15.1.1 Introduction**

In the first phase of the study the performance of the individual companies of the group namely, Sinwa Holdings Ltd (SHL), Sinwa Adhesives Ltd (SAL) and Sinwa Marketing Ltd (SML), were reviewed.

Our analysis was restricted by the fact that the inter company transactions tended to distort the actual position. For instance the major portion of sales of SAL were effected through SML. The financial results of these two companies were dependent on the policy of the company with regard to the transfer prices. A realistic assessment was not possible as there was the likelihood of the bases differing according to the business situation from one year to the other. The profitability of the individual firms was therefore a subjective issue.

We have therefore in this phase of the study given emphasis to the consolidated accounts. Although the accounts available in this form were the draft accounts which were subject to audit, as we were informed that there was no material difference , we have considered this set of accounts for our study.

### 15.1.2 Sales and Profitability Findings

The net turnover in 1995/96 has increased by 13% . The major portion of products manufactured by SAL are marketed through SML.

Year ended 31st March	1996	1995
Turnover - gross	139,627	124,124
Turnover tax	<u>5,684</u>	<u>5,576</u>
	<u>133,943</u>	<u>118,548</u>
Gross Profit	40,447	38,091
Gross Profit / Sales %	30.0%	32.0%

There has been a marginal decline in the Gross profit in 1995/96.

Year ended 31st. March	1996	1995
<b>Overheads</b>		
Administration	13,574	11,966
Marketing & Selling	29,301	24,088
Operating Profit/Loss before Finance Charges	(2,398)	2,037
Finance charges	8,763	8,750
Operating Loss after Finance Charges	(11,161)	(6,713)
Net Loss including Other Income	(8,206)	(1,553)

The salient features of the Overheads may be said to be :

1. Increase in administration by 13% in 1995/96. The administration costs are 10% of turnover in both years under review.

2. The Marketing and Selling costs have shown an increase of 22% in 1995/96.
3. The Finance charges have remained at the same level in 1995/96, being 6.5% of turnover.
4. The net loss has increased from Rs. 1.553 mn to Rs. 8.206 mn in 1995/96. The Other Income was Rs.5.160 and Rs. 2.955 in the respective years.

### 15.1.3 Appraisal of Financial Structure

As described in the first phase of our study the equity of the company has been built by the revaluation of Fixed Assets. There has been no Capital infusion when increasing the equity. Prior to the enhancement of the Capital in 1994/95, the Share Capital was at Rs. 250,000.

As at 31st March 1996 the loans are as follows:

	Rs.'000
Short term Loans	30,695
Bank Overdrafts	4,530

The necessity for such large loans have been:

1. The losses which have occurred over a period of time.  
The cumulative loss as at 31st March 1996 was Rs. 8.527 mn.
2. As the company pays Turnover Tax (TT) on imports, it has not been able to recover this from the TT payable. At the point of import the TT is 20%, but on sales it was

6%. As the bulk of raw materials are imported the company has accumulated dues of Rs.18 mn which is shown as receivable from the Department of Inland Revenue. This has been outstanding for many months.

These factors have weakened the financial structure, leading to the company to resorting to increased borrowing.

#### **15.1.4 Conclusion**

Although the sales have displayed an improvement in 1995/96 , there was a decrease in the profit margin by 2 %. This resulted in the gross profit in absolute terms being only marginally higher. In contrast the overheads, have increased. These factors have contributed towards the increased net loss. The Other Income which in 1994/95, cushioned the loss has also been lower in the last year, further aggravating the financial result.

It is interesting to note that in 1994/95 there was a surplus before charging financial charges in contrast to the loss in 1995/96. This provides some comfort in the fact that a loss situation before Financial Charges is not always the case.

As the overheads normally tend to continuously increase due to inflationary factors, it is essential for the turnover to increase from one year to the other even if the profit margin is static.

In this instance the drop in the profit margin could be attributed to the increased competition. Under such circumstances it may not be possible to pass on the increased costs to the consumer, in the same proportion. The absorption of part of the costs results in the deterioration of profitability which has probably occurred in this instance.

More aggressive marketing and the adoption of suitable strategies for the development of products which are in demand, are areas which may need attention. The possible sourcing of (imported) raw materials with emphasis on pricing, whilst not sacrificing the quality are, measures which may need to be studied in depth.

The finance costs are close to reaching the limit, where it would not be ever possible to be absorbed from the gross margins generated.

The break even point based on the 1995/96 performance and taking into account 'Other Income' was Rs. 176 Mn.

It is important for the company to make projections of financial performance in the years which are immediately to follow. Improving the liquidity situation is an important factor, leave alone for growth, even for sustenance. Exploring the options available to achieve a positive situation becomes imminent.

1. A concerted effort to recover the money due from the Department of Inland Revenue is one measure available, provided the claims are not statute barred.
2. Some relief would be available to the company if the short term loans from Banks could be extended. The implications of such options could only be assessed by a forecast of financial performance.



## **15.2. Organisation and Management of the Finance Division**

### **15.2.1 Staffing**

The Finance Division is under the supervision of the Financial Accountant, who reports to the Managing Director.

The division which handles the financial management functions of the group other than the fund management activities, are engaged in the following:

1. Financial control aspects of the group.
2. Financial accounting.
3. Accounting information for management.

The Financial Accountant having passed the intermediate levels of the ICA and CIMA needs to complete the final stages of both exams. He possesses 4 1/2 years experience as a audit trainee in a firm of Chartered Accountants and one year after joining Sinwa.

Under the Financial Accountant function the four Accounts Executives. Each Accounts Executive (EA) is in charge of the financial accounting activities of the separate companies of the group, namely, Sinwa Holdings Ltd. (SHL), Sinwa Adhesives Ltd. (SAL), Sinwa Marketing Ltd. (SML), Sinwa Rubber Industries Ltd. (SRIL).

Three of the EA's possess certain Accounting qualifications and 2/3 years experience, mainly as trainees. The other officer has many years experience in the company though not possessing equivalent qualifications.

Besides the Financial Accountant, there is an Accountant Treasury and Credit Control ( Acct. T.& C.C.) who reports independently to the Managing Director. He handles the fund management aspects of the company.

### 15.2.2 Financial Management

The financial accounting system encompasses the accepted areas of activity such as Receipt of cash, banking, payments, wages & salaries, purchase accounting, book-keeping and accounts.

It was explained that the systems and procedures are being reviewed with a view to streamlining the different processes. This review also includes the reporting procedures.

The accounting is computerised, but it is felt that the procedures are time consuming. The documentation, routing of documents, processing of financial transactions, internal checks and controls, leave room for improvement. For example although the ledger systems are computerised, the Debtors ledger system is not integrated. With the result, the entries pertaining to the Debtors are required to be input for a second time in the absence of a proper integrated system.

The company prepares an Annual Operational Budget which is reviewed quarterly. Any items which are considered to be unrealistic are then amended where necessary in order to reflect a more true situation of anticipated activity. The Budget includes a Cash Forecast.

The individual companies prepare monthly Management Accounts (Profit & Loss only) which also compares the actual income / expenditure with the budgeted provision. At the time of review (January 1997), the Profit and Loss accounts up to December 1996 were prepared. Although Variances are computed, an analysis is confined only to discussion of such variances between the Accountants and Top Management. This practise is prevalent in the absence of a formal analysis of performance in financial terms.

Presently Balance Sheets are prepared on a quarterly basis, with Cash Forecasts being done on quarterly, monthly and weekly basis. At the time of review (January 1997) the Balance

Sheets prepared were in respect of the two quarters ending September 1996. It was explained that due to changes of staff there was a delay in the preparation of the Balance Sheet.

As regards the fund management activities, monitoring of collections and disbursements is done by the Accountant T and C.C. The Accountant also deals with any relevant control aspects. The physical collection of dues is however the responsibility of the Marketing personnel. The Debtors age analysis statement provides useful information to facilitate recovery.

Separate stores are in use for Raw Materials and Finished Goods. The Store Keepers maintain Bin Cards using the Goods Received Notes and Material Issue Notes as prime documents for entering the Receipts and issues respectively.

A stock verification of the raw materials are carried out by the Finance Division staff every month. Regular reconciliations are done between the bin card balances and the accounts section records.

In the case of finished stocks of Adhesives, after manufacture they are packed and transferred from SAL to SML. The verification of these stocks are done by the SML staff. At the moment a reconciliation of the stores balances and balances reflected in the Accounts division is not being done.

### **15.2.3 Conclusions**

It is apparent that the basic accounting systems and procedures are in place. However it is important to ensure that these systems are in operation with the minimum of checks and controls being applied. The Financial Accountant and his assistants should assess the effectiveness of the controls on a continuous basis.

A characteristic feature as regard the staffing is their lack of experience. Under these circumstances it is advisable for possibly the external Auditors to make a close review of the systems and procedures.

Short term training programmes for the staff - which may be in house - are possible ways for improving their awareness of systems and controls.

### 15.3. Recommendations

1. The company should in the first instance strive to achieve a turnover which would absorb the overheads other than the Financial Charges. The next target should be to absorb even the Financial Charges.

In order to achieve this, besides a marketing campaign in the domestic market, possibilities of exports may be explored, particularly in respect of Adhesives.

The development of products which are in demand should be an area which could be focused on. This may be particularly applicable to footwear.

2. The imported raw materials for manufacture of Adhesives comprise the single largest cost. Seeking economic sources of supply should be a prime consideration. Keeping a close tab on world market prices and procurement at times of low prices would be a means of bringing costs down.
3. Projections of performance should be prepared for a period of 3 years. These forecasts should include Production, Sales, Profitability, Cash Flows, and the Balance Sheet at the end of each year. Alternate scenarios would provide useful data for decision making. It should however be emphasised that the assumptions should be achievable targets.

Based on the projections prepared, suitable strategies should be adopted.

4. With a view to improving the liquidity the following should be considered:
  1. Renewed efforts should be made to recover the Rs. 18 Mn. due from the Department of Inland Revenue.
  2. Examine ways and means of reducing the stock holding.
  3. Examine ways and means of reducing the debts due from customers.

5. Pursue the review of the Accounting system, which should include the duties of staff, documentation, in the light of setting up a sound computerised accounting system.  
Besides considering the accounting and control systems it is essential for the system to facilitate the presentation of proper financial information for Management.  
The accounting information should also be analyzed so as to identify shortcomings and to enable the adoption of remedial measures.
6. It is also important to assess the systems and procedures from the point of view of Internal Controls. The External auditors would be best suited to make such a review if such an exercise has not being done by an Internal Auditor.
7. The system of Costing of Footwear should be established particularly because of the product being competitive in the market.

As regards Adhesives close monitoring of the actual costs and the standards should be carried out. The reason for large variances should be investigated and if necessary possible changes in the basis of computation of the standard cost examined.

8. The company should keep a check on Administrative costs which at 9% of Turnover is fairly high.
9. The stock verifications carried out in the Finished Goods Warehouse should be reconciled with the stock record maintained independently.
10. 'On the job' training of the Finance Division staff would be essential, in view of their lack of experience.

□

**ANNEX I**

**A SUMMARY OF THE BACKGROUNDS OF THE MANAGEMENT GRADES**

DIAGNOSTIC REPORT - SINWA HOLDINGS LIMITED  
UNIDO SUBCONTRACT NO. 96 / 118P

ANNEX I									
NAME	AGE	SEX	DESIGNATION	YRS @ FIRM	OL	AL	DEGREE	OTHER ACADEMIC QUALIFICATIONS	TRAINING
Haroun Cader	26	M	Business Devp. Manager	4	8			ABE - AD. DIP. / INST. MKT. PT.1	SLBDC - EX. TR / NIBM - MBO
Asoka Seneviratne	59	M	General Manager	1	8	4		Associate Inst. Rubber / ASSOCIATE WORK STUDY INST.	IND. MGT. / MERIT SCH / FACTORY MGT.
A.C.M. Samoon	53	M	Production Manager	28	8	2			NIBM - MGT.
S.T. DE Silva	50	M	Technical Manager	3.4	6		BSc.	OND	INST. ENG. - MGT. DEV.
H. Siddique	37	M	Sales Manager Inst.					NIBM - MKT. DIP.	SLBDC - EX. DEV.
U.M.A. Ranasinghe	25	M	Production Executive	5	7				SLBDC - MGT. DEV. / EDB- SHOE & MKT.
Himali Wijeweera	28	F	Tecnical & Production Executive	2.5	8		B.Sc.(sc)	INST. RUBBER & PLAST.	
S.H.S. Ashraff	25	M	Planing. & Co-ordinator	4	8	3			NIBM - ACC.
M.F. Mohamed	32	M	Production Executive	1.5	8	4		OPEN UNI. MECH. ENG. DIP.	POLY. - DIP. IN BUS. MGT.
M.H. Mohamed	34	M	Commrcial-Executive	12	8				SLBDC - EX. DEV.
M.M.A.Haq	27	M	Commercial Executive	7	8				ISMM - STR. MGT. / NIBM - STR. - INV. - PURCH.
M.F. Jabir	28	M	Data Process.exe cutv.	6	7	4		CITY & GUILDS - COMPUTERS	
P.D De Rosairo	36	M	Accountant	3	8	4			SLBDC - EXEC. DEV.
V. Priyasekera	31	F	Accounts Executive	2	8			NIBM - COM. DIP. / CIMA ST. II	
M.R.K.Mohamed	26	M	Asst.Accountant	0.9	8	3		CHATER PT. II / CIMA ST. III	
M. Gafoor	25	M	Accounts Executive	6	8	4		AAT (LON.) / CIMA ST. II	SLBDC - MGT. DEV.
I. Mansoor	24	M	Accounts Executive	4	6	4			CIMA - COMP. / IDM - COMP



DIAGNOSTIC REPORT - SINWA HOLDINGS LIMITED  
UNIDO SUBCONTRACT NO. 96 / 118P

NAME	AGE	SEX	DESIGNATION	YRS @ FIRM	OL	AL	DEGREE	OTHER ACADEMIC QUALIFICATIONS	TRAINING
S.C.S. Juriansz	40	F	Asst.Accountant	3	6				ACC. / SLBDC - MGT. DEV. / NIBM / CIMA
G.A.P. Gunasekara	28	M	Asst.Field Sales Manager						CEYLINCO - BUS. MGT.
S.M. Muhajirin	28	M	Ast.Area Manager						
Subash Karunasena	26	M	Sales Executive						
K.L.U.P. Abeygoonawardena	28	M	Sales Adminst.Execut.						VERY SHORT COURSES
P.G. Dickmon De Silva	44	M	Production Asst.	2	7				
G.T.J.T. Jayasuriya	33	F	Administratio n Asst.	9	8	1			
M.B.P.Wijesuriya	56	M	Administraio n Execu.	2	7	4			
B.A.S.Y. Abeyawardhana	28	F	Trainee quality controller	0.2	8	1	BSc degree	TEC. SL. - COM. DIP.	
M.R. Deen	28	M	Area Sales Supervisor						TECH. COL. - BUS. MGT. / SLBDC - MGT. DEV.
M.I.R. Mohamed	26	M	Sales Representative						
S.M. zubair	32	M	Sales Representative						
S.B. Kodagoda	24	M	Juneer Showroom Executive						
Sumadhu Seneviratne		M	Sales Representative						
S.A.M.Fahim	27	M	Sales Representative						
D.N. Wijesinghe		M	Sales Representative						
A.K.V.B.Samara nayake		M	Sales Representative						
T.M. Nagodavithana	24	M	Sales Representative						



## **ANNEX II.**

### **THE PRICE LIST OF INDUSTRIAL AND CONSUMER ADHESIVES**

Sinwa Marketing Private Limited  
 INDUSTRIAL ADHESIVES  
 PRICE LIST - Effective 01 January 1996

Nirasha Thushari

DESCRIPTION	PACK SIZE	UNIT	RETAIL PRICE	WHOLESALE PRICE
MB 373 IMPROVED	125 ml	can	46.75	39.75
	250 ml	can	85.75	72.90
	500 ml	can	150.75	128.15
	01 lt	can	259.75	220.80
	04 lt	can	871.75	741.00
MB 364 IMPROVED	125 ml	can	43.75	37.20
	250 ml	can	70.75	60.15
	500 ml	can	124.75	106.05
	01 lt	can	223.75	190.20
	04 lt	can	740.75	629.65
MB 364 ORDINARY	125 ml	can	34.75	29.55
	250 ml	can	58.75	49.95
	500 ml	can	104.75	89.05
	01 lt	can	186.75	158.75
	04 lt	can	604.75	514.05
MB 494 SHOE	125 ml	can	29.75	25.30
	250 ml	can	49.75	42.30
	500 ml	can	89.75	76.30
	01 lt	can	144.75	123.05
	04 lt	can	489.75	416.30
MB 494 UPHOLSTERY	125 ml	can	24.75	21.05
	250 ml	can	42.75	36.35
	500 ml	can	74.75	63.55
	01 lt	can	128.75	109.55
	04 lt	can	449.75	382.30
GRIP	125 ml	can	24.75	21.05
	250 ml	can	42.75	36.35
	500 ml	can	82.75	70.35
	01 lt	can	142.75	121.35
	04 lt	can	505.75	429.9
MB 184 GEN. PURPOSE	100 g	bottle	27.00	22.95
	200 g	bottle	37.00	31.45
	500 g	bottle	75.00	63.75
	02 kg	can	225.00	191.25
	04 kg	can	415.00	352.75
	50 kg	drum		3,550.00
MB 193 SOL. CEMENT	20 g	bottle	18.75	14.05
	40 g	bottle	30.75	23.05
	90 g	bottle	62.75	47.05

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**Sinwa Marketing Private Limited**  
**CONSUMER ADHESIVES**  
**PRICE LIST - Effective 01 January 1996**

DESCRIPTION	PACK SIZE	UNIT	RETAIL PRICE	WHOLESALE PRICE
MB TUBES	07 ml	tube	11.75	10.00
	21 ml	tube	17.75	15.10
	30 ml	tube	26.75	22.75
CLEAR GLU	07 ml	tube	23.75	20.20
	21 ml	tube	41.75	35.50
EVO-STIK TUBE	30 ml	tube	29.75	25.30
CHUM STND. PACK	20 ml	bottle	3.25	2.75
CHUM SQUEEZE PACK	35 ml	pack	24.75	19.80
QUIX	50 g	bottle	14.75	12.55
	100 g	bottle	21.75	18.50
QUIX SQUEEZE PACK	35 g	pack	24.75	19.80
MB 2001 SUPER GLUE	03 g	tube	39.75	33.75
AERASOL PAINT	400 ml	can	229.75	183.60

*22/12*

**ANNEX III**  
**A LIST OF PLANT AND MACHINERY TOGETHER WITH**  
**SOME RELEVANT DETAILS**

**CONFIDENTIAL**

UNIDO PROJECT No. SI/SRL/96/801 - RESTRUCTURING ASSISTANCE AND PRODUCTIVITY SURVEY

NATIONAL INSTITUTE OF BUSINESS MANAGEMENT

LIST OF PLANT & MACHINERY

Description of Machine	Machine Specifications	Location	Country of Origin	Year of Manufacture	Year of Acquisition	Estimated Capacity Utilisation (%)	Approximate Replacement Cost
18x Canvas Presses-	FERRARI D.V. Basic Canvas Shoes.	F/W Factory	Italy				R. 3,600,000
8x Canvas Presses	DENMAR D.V. Shoe Presses	" "					R. 1,600,000

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**CONFIDENTIAL**

UNIDO PROJECT No. SI/SRL/96/801 - RESTRUCTURING ASSISTANCE AND PRODUCTIVITY SURVEY

NATIONAL INSTITUTE OF BUSINESS MANAGEMENT

LIST OF PLANT & MACHINERY

Description of Machine	Machine Specifications	Location	Country of Origin	Year of Manufacture	Year of Acquisition	Estimated Capacity Utilisation (%)	Approximate Replacement Cost
Cutting Machine	COVCO	F/oa Factory	Czechoslovakia			60%	R. 350,000
2 x Cutting Machine	Asrolanga	"	India			60%	R. 700,000
Cutting Machine	COVCO	"	Czechoslovakia			60%	R. 350,000
3 - Sole Buffing Machine.		"				100%	R. 350,000
3 - Slotting Machines		"				25%	R. 75,000
2 - Pressing Machines.		"				25%	R. 120,000
Air Compressor		"				100%	R. 90,000
2 - Binding Machines.		"				80%	R. 45,000
4 - Single Sewing Machine		"				75%	R. 180,000
1 - Zig Zag Sewing M/c		"				20%	R. 55,000
Double Needle M/c		"				-	R. 55,000
Buckle Sewing M/c		"				60%	R. 50,000
Embossing M/c		"				10%	R. 6,000
Post-bed Sewing M/c		"				-	R. 60,000
Heavy DYKH x 2		"				30%	R. 35,000

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3008/96 17:00

**CONFIDENTIAL**

UNIDO PROJECT No. S/SRL/96/801 - RESTRUCTURING ASSISTANCE AND PRODUCTIVITY SURVEY

NATIONAL INSTITUTE OF BUSINESS MANAGEMENT

LIST OF PLANT & MACHINERY

Description of Machine	Machine Specifications	Location	Country of Origin	Year of Manufacture	Year of Acquisition	Estimated Capacity Utilisation (%)	Approximate Replacement Cost
Rubber Internal Mixer	90 litre Capacity - 130 H.P.	Millroom	Chokoslavakya	1968		65%	Rs. 6,500,000
Rubber Mixing Mill	14" x 26" Two Roll - 40 H.P.	Millroom	Local. Brunei			90%	Rs. 800,000
Rubber Mixing Mill*	Iddon Two Roll - 22" x 60" - 100 H.P.	Millroom	U.K.			-	Rs. 3,500,000
Rubber Mixing Mill	14" x 26" Two Roll	Millroom	Local. Brunei			90%	Rs. 1,500,000
Calender (small)	3 Roll, 6" x 20" - Rubber - 10 H.P.	Millroom	N/A			30%	Rs. 700,000
Calender (Large)	3 Roll, 48" - 30 H.P.	Millroom	N/A			-	Rs. 3,500,000
Rubber Mixing Mill	Indepet Two Roll - 36" - 40 H.P.	Millroom	India			-	Rs. 1,500,000
Autoclave - (1)	φ 5' x 8' steam heated	Press shop	N/A			90%	Rs. 800,000
Autoclave - (2)	φ 4' x 5' steam heated	Press shop	U.K.			-	Rs. 400,000
Foxing Machine	Two Roll - 4" x 8"	Millroom	N/A			-	Rs. 40,000
Hydraulic Press - 1	Steam heated, 3 daylight	Press shop	Japan			66%	Rs. 1,500,000
Hydraulic Press - 2	" " " "	" "	Japan			-	
Hydraulic Press	Indepet. 36" x 26" - 5 daylight	Press shop	India			80%	Rs. 2,500,000
Hydraulic Press	Bradlayr Turner - 3 daylight	Press shop	U.K.			80%	Rs. 1,250,000
Hydraulic Press	Electrically heated - 2 PL	Press shop	Local			40%	Rs. 150,000



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S. R. L. L.

RUBBER GOODS  
FACTORY

UNIDO PROJECT NO. SI/SRL/96/801 - INDUSTRIAL PRODUCTIVITY IMPROVEMENT - CONTRACT No. 96/118P

FORM 17-88

UNIDO FORM 17  
A/B/C/D

**CONFIDENTIAL**

UNIDO PROJECT No. SI/SRL/96/801 - RESTRUCTURING ASSISTANCE AND PRODUCTIVITY SURVEY

NATIONAL INSTITUTE OF BUSINESS MANAGEMENT

**LIST OF PLANT & MACHINERY**

Description of Machine	Machine Specifications	Location	Country of Origin	Year of Manufacture	Year of Acquisition	Estimated Capacity Utilisation (%)	Approximate Replacement Cost
Air Compressor		Press Shop				60%	R. 220,000
Steam Boiler	"Chieftan"	Roller Room				70%	R. 1,200,000
Gum Churn	Vertical type	Press Shop	Local			20%	R. 80,000
Gum Spreader	Steam heated, two Roll	Press Shop	Japan			15%	R. 250,000

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**ANNEX IV**  
**CURRENT CAPACITY UTILISATION OF**  
**IMPORTANT ITEMS OF MACHINERY**

<b>ANNEX IV</b>			
<b>Machine</b>	<b>Rated capacity</b>	<b>Utilisation as % of rated capacity</b>	<b>SECTION</b>
vertical gum churn	mixing time 20kg /3hr 50kg/8hr	14%	ADHESIVES
mixing churns electrical	2000 lbs/8hr	65%	ADHESIVES
tube filling electrical machine	30 tubes/min	10%	ADHESIVES
bottle filling electrical machine	20 bottles/min	25%	ADHESIVES
upper cutting machine	800pairs/8hr	38%	FOOTWEAR
sole cutting machine no1 /no2	1200/8hr	25%	FOOTWEAR
sole buffing machine	600pairs/8hr	50%	FOOTWEAR
slotting machine electrical	1000pairs/8hr	30%	FOOTWEAR
pressing machine electrical	500/8hr	60%	FOOTWEAR
binding machine	400/8hr	25%	FOOTWEAR

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Machine	Rated capacity	Utilisation as % of rated capacity	SECTION
single sewing machine	500/8hr	600%	FOOTWEAR
buckle sewing machine	500/8hr	30%	FOOTWEAR
cloth gum spreader	800meter/8hr	9.40%	GUM BOOTS
heating oven	100pairs/8hr	75%	GUM BOOTS
internal mixer 90 liter capacity (130 h.p)	approx 70kg/batch mixing time35 total cycle45,11batches/8hr	55%	RUBBER
mixing mill dia.14"x26" 40h.p	used for adding sulphate sheeting out 20 kg/20 batches/8hr	45%(25%)also used for crumbing 15kg in 15 mt 8 batches	RUBBER
mixing mill 14"x26" 35 hp	for sulphuring and sheeting out 20kg per 25mts 20 batches/8hr	45%	RUBBER
small calender 6"x20" 3roll 10 hp	for gum boot sole sheeting and foxing 10kg in 15 mts 3200 kg/8hr	19%	RUBBER
vulcanising press 36"x36" 4day light steam heated	for moulding EVA sheets 3sheets /cure15mts cycle time 96 sheets/8hr	57%	RUBBER
vulcanising press 22"x24" 3daylight steam heated	for moulding gum boot heels 96prs./8hr	92%	RUBBER
vulcanising press 3 daylight steam heated	for moulding SINGER MATS two moulds	52%	RUBBER
mixing mill iddon 12"x60" not in use			
mixing mill 16"x36" 30 h.p	for sulphuring of sheets 30kg in 40 mts 360kg/8hr		

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<b>Machine</b>	<b>Rated capacity</b>	<b>Utilisation as % of rated capacity</b>	<b>SECTION</b>
big calendar 48" 30 h.p	not in use		
autoclave dia 5'x8' steam heated	for curing gum boots app.24pars /1.25hrs 4cures/8hr		

<b>Machine</b>	<b>Rated capacity</b>	<b>Utilisation as % of rated capacity</b>	<b>SECTION</b>
autoclave dia4'x5' steam	not in use		
air compressor and air receiver	used for spraying silicone on eva moulds		
155psi boiler oil fired for generating steam for vulcanising	120 psi full 8 hr operation	100%	
small foxing machine	not in use		
vulcanising press	not in use		

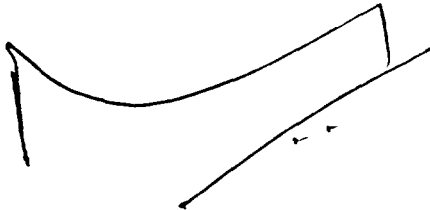
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