

## **Swastik Cotton Industries**

### **Introduction**

Amravati- Yavatmal region of Maharashtra had been known for its fine quality of cotton. Even during the rule of British government, Britishers laid a special narrow gauge train from Murtizapur to Achalpur via Yavatmal to carry cotton from this region to different spinning mills across Maharashtra and India. Many ginning and pressing mills were also established in this region also . These industries helped farmers to get better remuneration for their produce. Many other processing plants were also established viz. Spinning mills and weaving mills.

Swastik cotton Industry was established in the year 1981 by Sunil Kadu and Kishor Kadu In Amravati.It was established with the help of District industries Centre. Funding received for establishment was from Allahabad Bank . The main aim of the industry was to procure cotton from farmers directly and process it so that farmers receive fair remuneration for their produce. Swastik cotton industry was established as an organization for manufacturing surgical cotton rolls used for medical purpose in different hospitals, dispensaries and Polyclinics, Parlour etc.

### **Uses of Surgical cotton (Absorbent cotton) and Technical information**

Absorbent Cotton also known as Surgical Cotton or Cotton Wool is mainly used for medical purposes in hospitals, nursing homes, dispensaries etc., Because of high fluid absorbency power, it is better known as absorbent cotton. The absorbent cotton should be chemically inert and soft to give maximum protection and should not cause irritation. These properties can be achieved by manufacturing the product as per standard method of manufacture.

The raw cotton is processed by series of steps which render the cotton hydro-phallic in character and free from external impurities needed to be fit for use in surgical dressings and personal hygiene. And fairly good quality of cotton wool is consumed in beauty parlour for removing make up and dirt etc.

### Availability of Capital

As the project was funded by district industries centre with the help of Allahabad bank, the share of capital of Promoters was 20% where as assistance involved in terms of Loan was 80%. Total investment at that time was around 17 lakh. Equity from both the promoters was equal in proportion. Once owner invested their share, they required a lot of working capital as this industry is a capital intensive industry. As there were very few banks who were providing working capital . So once the company has started operating managing working capital management became a big task for them.

Share of Capital



### Capacity of Plant

The capacity of plant was around 250-260Kgs per day. The capacity of plant was dependant on Machinery used in the plant. The machinery used was imported one but not very advanced. As the situation on the front of working capital management was stressed one, very less attention was paid to modernize the machinery of plant. To compensate non advancement of machinery , employee requirement was very. high. Around 35 employees were required for operating the plant fully. That was the time when China started exporting many materials and machinery. Many new competitors started procuring new machinery from china which were cheap and did not require lot of human resource to handle it.

### **Expected Service Area**

Nagpur was one of the biggest cities in Vdarbha region. Moreover during 1981 it started to grow exponentially. Many new hospitals, Schools Colleges and Parlour started to come up in the Nagpur city. Moreover, Since Nagpur city is at the junction of Maharashtra and MP , many new industries also came to existence in Nagpur region. More over Nagpur being at the centre India, there is a Army cantonment set up at Kamthi near Nagpur and Air force Maintain ace Command at Sonegaon in Nagpur.

Amravati had been an educational and Industrial hub since many years. So the primary service area for Swastik Cotton Industry was Nagpur and Amravati region.

### **Expected Customers**

Customers are very important for any industry, primary customers for manufactured cotton rolls were Distributors and wholesalers. The retail sector was more approachable to factory owners . Owners of the factory used to look after marketing activities by themselves. So for them retail customers and wholesalers were more approachable

| Customers        | Sale Percentage |
|------------------|-----------------|
| Retailers        | 32              |
| Wholesalers      | 16              |
| Govt.Contractors | 22              |
| Co-op. Societies | 30              |

Another set of customers were government contractors and Co-operative societies. Government contractors used to procure surgical cotton to be used in Army cantonments, Railway hospitals, Air force station and Government hospitals. Maximum chunk of customer sale for company came from one sector that is retail sector. Co-operative societies used to procure absorbent cotton for manufacturing

different materials like sanitary napkins and other related products. Above table shows the exact sale percentage of absorbent cotton customer wise.

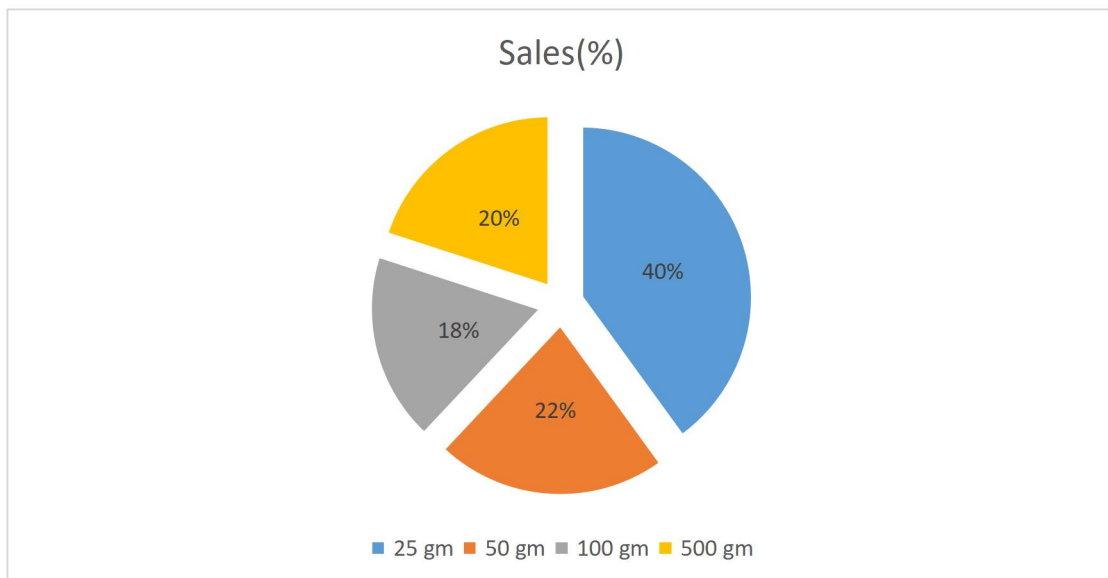
### SKUs Available

SKU decisions taken by any organization is the byproduct of customer demand and requirement. As Swastik cotton Industry was having variety of customers, it had to keep variety of SKUs

Following were SKUs made available by Swastik Cotton Industry

- 25 gm
- 50 gm
- 100 gm
- 500 gm

Following is the overall report of SKU wise sale for Swastik Cotton Industry.



It was observed that maximum sale was recorded by 25gm SKU. And it was relatable as maximum number of customers were from retail sector.

### **Competitor Survey**

Many new competitors entered the scene , Swastik cotton industry was following all norms so that they can supply to government agencies, but many competitors were not following any norms and were selling in the open market . This reduced competitors overheads substantially and were able to generate more profits. More over cheap products from other states were also available in the market.

Moreover Some of the competitors had deep pockets and started selling their products cheaper than Swastik cotton Industry to grab contracts of government agencies.

### **Other information**

Absorbent cotton require short staple cotton which was not easily available at that time in vidarbha region. To maintain assembly line many times it had to be imported from Gujarat state.

### **Questions**

Q.1) What could have done differently to take company out of this situation?

Q.2) What strategies Swastik cotton Industries should have used for gaining new customers?

Q.3) What additional research Swatik cotton Industry should have done ?