

PROJECT PROFILE

Product Name	-	Fancy Leather Gloves
Product Code	-	44206
Quality & Standards	-	as per customer specification
Year of Preparation-	-	2010-11
Prepared by	-	Leather/Footwear Division

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1. INTRODUCTION:

Fancy Leather Gloves are used as a part of dress wear for men and women. It is used for driving and riding also. Sued and Nappa leather are most suitable for dress wear and have gained popularity with both men and women. It is available in many bright and pastel shades as well as the standard colours of white, black, dark brown, navy blue and maroon. The pieces for one glove are a trunk, a thumb six four-chettes. The range of size of Ladies gloves is from 5 1/2 to 8, mens 7 to 10 1/2 or even larger and children's from 0 to 6. The pattern are used for ladies gloves 5 1/2, 5 3/4, 6, 6 1/4, 6 3/4, 7, 7 1/4, 7 1/2, 1nd 8. The men finger length vary with each size and a pattern is require for each size.

2. MARKET:

As discussed earlier, due to complexity of modern day life, money has become an integral part of our life, which is to be carried in person all the time. To carry currency notes and coin, purse and wallets are exclusively used because of their convenience. Among different materials used for the manufacture of wallets and purses, and wallets are popular among consumers because of the elegance and durability of leather. Leather purses and wallets have very good demand both in the domestic as well as international market. These items provide a very good scope for value addition and being labour intensive, thus provide very good potential for income generation for the entrepreneurs as well as scope for generating sufficient employment potential for the economy.

C. BASIS AND PRESUMPTIONS:

- | | | | |
|----|--|---|-------------------------------|
| 1. | Working Hour | : | 8 hrs. per day(single shift). |
| 2. | Time period for achieving Utilisation. | : | Full/Envisage three years. |
| 3. | Labour wages | : | Monthly salary basis |
| 4. | Interest rate for fixed and working capital. | : | 15% per annum |
| 5. | Margin money | : | 25% |
| 6. | Pay back period of the Project. | : | Five years. |
| 7. | Rental value of the covered work space about 250 sq.ft. with power connection. | : | Rs. 3,500/- P.M. |

D. Implementation Schedule :

- | | | | |
|----|---|---|---|
| 1. | Submit of project report and arrangement. | : | 1 st to 12 th Week |
| 2. | Finance arrangement & electric supply. | : | 13 th to 16 th Week |
| 3. | Procurement of machinery | : | 17 th to 32 th Week |
| 4. | Selection of machinery. | : | 25 th to 36 th Week |

- | | | | |
|----|---------------------------------------|---|---|
| 5. | Installation of machinery | : | 33 rd to 36 th Week |
| 6. | Trail productions | : | 37 th to 40 th Week |
| 7. | Commencement of commercial production | : | 41 st to Week on ward. |

Production Details and Process of Manufacture :

The various components of the product are cut from leather by the patterns according to the design of the sample. Cut leather/Rexene components are then skived punched beaded and then closed, same purses and valets are zipped the zip with fasteners have to be stitched according to design. Suitable lining is stitched and attached to the product to fit in properly.

Quality Control & Standards :

The quality of this product totally depends upon the design and attractive stitching. The attractive appearance depends on the good design and proper stitching. The quality of the product can be assured by selecting raw material as to Bureau of Indian Standards specification.

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|----|----------------------|---|-----------|
| a) | Chrome upper leather | : | 476-1971 |
| b) | Lining leather | : | 3840-1966 |

There is no standard for foam leather (Rexene). The material is to be used as per buyers specification.

Production Capacity :

The unit is proposed to manufacture 7,500 pieces of purses and wallets.

Motive power Requirement :

Power 425 KWH units @ Rs. 1.80 per unit.

Pollutions Control :

This industry is non-polluting. There is of No Objection Certificate from State Pollution Department.

Energy Conservation:

Energy is precious it is necessary to adopt maximum precaution in use of energy. Energy Conservation is good for nation and for industry.

Financial Aspect :

Land and Building :

Land – 150 sq.mts. Building 100 sq. mts. Rented Rs. 3,500 P.M.

Machinery and Equipment

Sl. No.	Description	Ind./Imp.	H.P.	Qty.	Value(Rs.)
1.	Industrial securing machinery	Ind.	0.33 each	5 nos	40,000
2.	Clicking Press Hand operated	Ind.		1	16,000
3.	Stamping Machine	Ind.	0.33	1	2,000
4.	Skiving Machine	Ind.	0.33	1	32,000
5.	Cost Tools & Equipment				5,000
6.	Cost of Office furniture and working table etc.				20,000
					Total
					1,05,000
Preoperative expenses					18,000
					Grand Total
					1,13,000

Working Capital "
Staff & Labour (P.M)

Designation	No.	Salary (Rs.)	Total (Rs.)
Manager	1	5,000	5,000
Supervisor	1	4,000	4,000
Accountant cum clerk	1	3,000	3,000
Store keeper	1	2,500	2,500
Peon-cum-watchman	1	1,500	1,500
Skilled labour	8	3,000	3,000
Helpers	3	1,500	1,500
			14,500
Perquisites @20% of the salary			38,900
			53,400

Raw Material (Per Month)

Sl. No.	Description	Qty.	Rate	Value
1.	Chrome leather	2500 sq.ft.	40	1,00,000
2.	Lining leather	940 sq.ft.	25	23,000
3.	Zip and other fittings	1240 Pcs.	15	18,750
				1,31,750

Utilities

For 70% of 425 KWH @Rs. 80/-

1.	Power	-	567
2.	Water	-	200

767

Other Contingencies (P.M)

Sl. No.	Description	Value (Rs.)
1.	Rent	3,500
2.	Postage & Stationery	500
3.	Transport charges	1,500

4.	Consumable stores	3,000
5.	Maintenance & Repairs	1,500
6.	Insurance	500
7.	Telephone	1,500
8.	Travelling & Conveyance	1,000
9.	Sundry Expenses	2,000
		15,000

Total Recurring Expenditure (P.M)

Sl. No.	Description	Value (Rs.)
1.	Raw material	1,31,750
2.	Staff and labour	53,400
3.	Utilities	767
4.	Other contingents	15,000
		<u>2,00,917</u>
	Say Rs.	2,00,900

Total working capital for 3 months.

$$2,00,900 \times 3 = 6,02,700$$

Total capital investment.

1.	Fixed Capital	-	1,13,000
2.	Working capital for 3 months	-	6,02,700

			7,15,700

Machinery Utilization

It is proposed to utilise the minimum 75% capacity of the machines installed and gradually increase the production as per the demand to achieve the maximum capacity.

Financial Analysis :

1. Cost of Production (P.A)

-	Total recurring cost	-	24,10,800
-	Depreciation on machinery @10%	-	8,000
-	Depreciation on Tools & Requirement @25%	-	1,250
-	Depreciation on Office equipments @20%	-	4,000
-	Interest on total capital investment @18%	-	1,28,826

			<u>25,52,876</u>
	say	-	<u>25,52,900</u>

Turnover (Per Annum)

By sale of 7500 pcs of Purses @Rs.150%	-	11,25,000
By sale of 7500 pcs of valets @ Rs.225%	-	16,87,500

28,12,500**Net Profit (Per Annum)**

$$\begin{array}{rcl} \text{Total Sale} & - & \text{Cost of Production} = \text{Profit} \\ 28,12,500 & - & 25,52,900 = 2,59,600 \end{array}$$

Net Profit Ratio

$$\begin{array}{r} \text{Net Profit} \times 100 \\ \hline \text{Turnover} \\ \\ 2,59,600 \times 100 \\ \hline 28,12,500 = 9.23\% \end{array}$$

Rate of Return

$$\begin{array}{r} \text{Net Profit} \times 100 \\ \hline \text{Total capital investment} \\ \\ 2,59,600 \times 100 \\ \hline 7,15,700 = 36.27\% \end{array}$$

Break Even Analysis

$$\text{B.E.P.} = \frac{\text{Fixed cost} \times 100}{\text{Fixed cost} + \text{Annual Profit}}$$

Fixed cost (P.A)

Sl. No.	Description	Value (Rs.)
1.	Rent of Building	42,000
2.	Total Depreciation	13,250
3.	40% of salary	26,600
4.	40% of other expenses	6,000
5.	Interest on Investment	<u>1,28,826</u>
		2,16,736
	Say	2,16,750

Break Even Percentage

$$\begin{array}{r} 216750 \times 100 \\ \hline 216750 + 259600 = 45.50\% \end{array}$$

Name and Addresses of Suppliers of Machinery :

1. M/S. Benson Industries, 96, Sri Arbindo Road, Salkia, Howrah.
2. M/S. Singer Sewing Machine co. Ltd., Mount Road, Chennai -2.
3. M/S. Rodstar Engineers, D-55, NDSE, Part -1, New Delhi-49.
4. M/S. Prototype Development & Training Centre, Sector B/24, Guindy Industrial Estate, Chennai-97.

Name & Address of Raw Material Suppliers :

1. M/S. Chrome Leather Co, Chromepet, Chennai-44.
2. "Gordon Woodroffe Leather Mfg. Co., Pallivaram, Chennai-42.
3. M/S. Sout East Tanning Co., IC Noval Hospital Road, Periamet, Chennai.
4. M/S. Modi Thread, Modi Nagar, U.P.
5. M/S. Dunlop India Ltd, 4/3, Asaf Ali Road, New Delhi-2.

Dated 29.08.2005
Agra-6

To,
The Branch Manager
State Bank of India
Indl. Estate, Nunihai,
Agra-6

Subject: - Issue of Cheque Book reg.

Sir,

I have my account in your bank in this connection it requested that I may kindly be issued one Cheque Book bearing 50 leaves my a/c no.

I shall be remaining thankful to you.

Yours faithfully

(P.K.SINGHAL)
A/C holder