

PROJECT PROFILE

Product Name	-	Artistic Leather Goods
Product Code	-	NIC 2004: 19121, 19122 ASICC: 44101, 44102, 44105, 44108
Quality & Standards	-	1. Chrome Upper Leather – IS478-1971 2. Lining Leather - IS3840-1966 There is no specific BIS standard for leather Wallets & Purses. Made as per buyers specification.
Year of Preparation-	-	2010-11
Prepared by	-	Leather Division

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INTRODUCTION:

Artistic Leather Goods are mainly manufactured in place named Santiniketan in Birbhum District of West Bengal. Various types of artistic leather goods, so called Santiniketani leather goods, are manufactured in many places of Birbhum, a district in West Bengal. These products are produced in micro and small-scale sectors in Birbhum. Apart from Birbhum, Santiniketani artistic leather goods are also manufactured in few districts of West Bengal including Kolkata.

MARKET POTENTIAL:

The products have unique feature of artistic work, workmanship, aesthetic look and finish. As a result, Artistic leather goods have very good market and demand in West Bengal. The main export markets are U.S.A, Japan, Great Britain, Brazil, Canada and Italy. The products have good demand in many places of India also.

BASIS AND PRESUMPTION:

1. The production is based on a single shift of 8 hours per day and 25 working days in a month i.e. 300 days in a year.
2. The unit is expected to work at 70% efficiency in the first year, 80% efficiency in the second year and 90% efficiency in the third year.
3. Labour will be engaged on monthly basis keeping in view of the present average rate prevalent in India.
4. Interest rate is calculated @15 % per annum.
5. Payback period is 3 to 5 years.
6. Considering the product and usage, the project can work more than 10 years.

IMPLEMENTATION SCHEDULE:

Sr. No.	Activity	Period (in months)
1.	Registration and other formalities	02
2.	Preparation of Project Report	01
3.	Acquisition of shed	01
4.	Machinery purchasing and installation	03
5.	Recruitment of manpower	02
6.	Release of loan from bank and other financial institutes	02
7	Trial production	01

TECHNICAL ASPECTS:

Process of Manufacture (Outline only):

Different units manufacture the products by different methods. However, the main operations are pattern making, economical layout of patterns, clicking of components, skiving, and decoration by embossing machine or hand, pasting, folding, coloring, assembling, stitching, fitting and finishing.

Various components of the end products are marked as per the pattern on leather and cut into components. The components are then skived wherever necessary. Adhesive is applied to the components and lining is attached. Then the components are assembled and stitched. The excess lining is trimmed and the articles are turned inside out. Fittings are attached as the case may be. Color is then applied followed by polishing and finishing. The products are then stamped with brand names, inspected and packed for dispatch.

QUALITY CONTROL AND STANDARDS:

Specific standards are to be followed as mutually agreed between the manufacturers and the buyers. Rigid quality and standards are to be followed in case of exports. The first and the foremost duty should be to maintain quality and workmanship especially in case of hand stitching.

In case of export of artistic leather goods, most of the manufacturers follow the buyer's specification i.e. sample, design, drawings, thickness and quality of raw materials, color, workmanship, quality of thread etc. BIS has published several qualifications on leather goods, which may be consulted for guidance:

PRODUCTION CAPACITY(Per Annum):

Sr.No.	Description	Quantity	Amount(Rs.)
1.	Shopping bag	3000 nos	18,00,000
2.	Ladies vanity bag	6000 nos	33,60,000
3.	Ladies purse	18000 nos	13,50,000
4.	Gents wallet	18000 nos	14,40,000
5.	Jewellery case	3000 nos	5,70,000
	Total:		85,20,000/-

MOTIVE POWER:

5 H.P.

POLLUTION CONTROL:

Artistic leather goods create hardly any pollution. However, the promoter has to get N.O.C. from the concerned Pollution Control Board.

ENERGY CONSERVATION:

Such industries are mainly labor-oriented. Therefore, consumption of power is in lower side. However, the machines run by power are to be checked periodically and maintained in time. The workers should be made aware of wastage of electrical energy.

FINANCIAL ASPECTS:

A. FIXED CAPITAL:

(I) Land and Building:

Amount(Rs.):

Rented shed – 3,000 sq.ft.
Covered are provided by the State Govt. at
Subsidized rate per month

6,500/-

Total: 6,500/-

(II)Machinery and equipment:

S. No.	Description	Total H.P.	<u>Ind/Imp</u>	<u>Qty.</u>	<u>Amount(Rs.)</u>
1	Ball press	-	Ind	2	30,000
2.	Sewing machine flat bed Single needle (31 K with motor and accessories)	0.5	Ind	2	20,000
3.	Cylinder-bed sewing machine (Model 269, Adler)	0.5	Ind	2	6,00,000
4.	Board cutting machine	0.5	Ind	2	45,000
5.	Glazing machine	0.5	Ind	2	1,00,000
6.	Skiving machine	0.5	Ind	2	70,000
7.	Mini compressor	-	Ind	1	5,000
8.	Zinc block for design Embossing	-	Ind	L.S.	5,000
9.	Wooden vat for washing	-	Ind	L.S.	10,000
10.	Tools and equipments	-	Ind	L.S.	3,000
11.	Furniture and equipment	-	Ind	L.S.	22,000
12.	Electrification and installation charges @ 10% on Rs. 8,70,000	-			87,000
	Total:				Rs.9,97,000

(III). PRE-OPERATIVE EXPENSES:

Rs. 1,13,000/-

(IV). TOTAL FIXED Capital (II+III):

Rs.11,10,000/-

B. WORKING CAPITAL (PER MONTH):

i. PERSONNEL (P.M.):

S. No.	Description	No.	Salary	Amount(Rs.)
1	Manager	1	15,000	15,000
2.	Designer cum Quality	1	11,000	11,000

	Controller			
3.	Supervisor	2	10,000	20,000
4.	Accountant	1	8,000	8,000
5.	Clerk	1	7,000	7,000
6.	Store – keeper	1	7,000	7,000
7.	Skilled workers	10	5,000	50,000
8.	Semi skilled – workers	5	4,000	20,000
9.	Helper	3	3,000	9,000
10.	Peon	1	3,000	3,000
11.	Watchmen	1	3,000	3,000
12.	Sweeper	2	3,000	6,000
	Total:			1,59,000

Add perquisites @ 15 %

Rs. 23,850/-

Total: Say Rs. 1,83,000/-

ii. RAW MATERIALS:

a) Shopping bag – 250 Nos. (Per month):

S. No.	Description	Quantity	Rate(Rs.)	Amount(Rs.)
1	E.I. tanned goat leather	1000 sq.ft.	45/- per sq.ft.	45,000
2.	Paper boar	10 kg	100/- per kg	1,000
3.	Lining cloth	125 mtrs	60/- per mtr	7,500
4.	Dye and sprit	-	10/- each	2,500
5.	Thread and adhesive	-	6/- each	1,500
6.	Accessories namely zip, button, D or O-ring etc.	-	12/- each	3,000
7.	Packing	-	4/- each	1,000
	Total:			61,500

b) Ladies Vanity Bag – 500 Nos. (P.M.):

S. No.	Description	Quantity	Rate(Rs.)	Amount(Rs.)
1	E.I. tanned goat leather	1500 sq.ft.	50/- per sq.ft.	75,000
2.	Silk lining cloth	150 mtrs	100/- per mtr	15,000
3.	Dye and sprit	-	8/- each	4,000
4.	Thread and adhesive	-	5/- each	2,500
5.	Accessories namely zip, button, D-ring, decorative fittings etc.	-	12/- each	6,000
6.	Packing	-	3/- each	1,500
	Total:			1,04,000

c) Ladies Purse – 1500 Nos. (P.M.):

S. No.	Description	Quantity	Rate(Rs.)	Amount(Rs.)
1	E.I. tanned goat leather	1500 sq.ft.	40/- per sq.ft.	60,000
2.	Silk lining cloth	50 mtrs	60/- per mtr	3,000

3.	Dye and sprit	-	6/- each	9,000
4.	Thread and adhesive	-	3/- each	4,500
5.	Accessories namely zip, button, D-ring etc.	-	7/- each	10,500
6.	Packing	-	2/- each	3,000
	Total:			90,000

d). Gents wallet – 1500 Nos. (P.M.):

S. No.	Description	Quantity	Rate(Rs.)	Amount(Rs.)
1	E.I. tanned goat leather	1500 sq.ft.	42/- per sq.ft.	63,000
2.	Popline lining cloth	50 mtrs	60/- per mtr	3,000
3.	Dye and sprit	-	4/- each	6,000
4.	Thread and adhesive	-	2/- each	3,000
5.	Zip, button, decorative fittings etc.	-	6/- each	9,000
6.	Packing	-	2/- each	3,000
	Total:			87,000

e) Jewellery Case (Semi – oval shape) – 250 Nos. (P.M.):

S. No.	Description	Quantity	Rate(Rs.)	Amount(Rs.)
1	E.I. tanned goat leather	250 sq.ft.	52/- per sq.ft.	13,000
2.	Silk lining cloth	50 mtrs	80/- per mtr	4,000
3.	Dye and sprit	-	4/- each	1,000
4.	Thread and adhesive	-	4/- each	1,000
5.	Zip, lock, decorative fittings etc.	-	12/- each	3,000
6.	Packing	-	4/- each	1,000
	Total:			23,000

Total cost of raw materials:

a) +b) +c) +d) +e) **Total:** **Rs.3,65,500/-**
(61,500+1, 04,000+90,000+87,000+23,000)

iii. UTILITES (PER MONTH):

(5 H.P)	5,000
Water and fuel	2,000
Total Rs.:	<u>7,000/-</u>

iv. OTHER CONTIGENT EXPENSES (PER MONTH):

S.No.	Description	Amount(Rs.)
1.	Rent	6,500
2.	Postage and Stationery	500
3.	Consumable stores	1000
4.	Repair and maintenance	2,000
5.	Transport charges	4,000
6.	Traveling expenses	3,000

7.	Advertisement and publicity	1,000
8.	Insurance	1,000
9.	Misc. expenses	1,000

Total: Rs. 20,000/-

v. TOTAL RECURRING EXPENDITURE:

	Amount (Rs.)
1. Personnel	1, 83,000
2. Raw material	3, 65,500
3. Utilities	7,000
4. Other contingent expenses	20,000

Total Rs. : 5,75,500/-

Working capital for 3 months

Rs. 17, 26,500/-

vi. TOTAL CAPITAL INVESTMENT:

	Amount (Rs.)
1. Fixed Capital	11, 10,000
2. Working Capital	17, 26,500

Total: Rs.28, 36,500/-

vii. MACHINERY UTILISATION:

In view of possibility of power cut, absenteeism, machine break down and non-availability of raw materials etc. it is not possible to utilize 100% capacity. However, the project can achieve 90% to 95% capacity within 3-4 years.

©. FINANCIAL ANALYSIS:

I) COST OF PRODUCTION (PER YEAR):

S.No. Description	Amount(Rs.)
1. Total recurring cost	69, 06,000
2. Depreciation on machinery @ 10% on Rs. 8,70,000	87,000
3. Depreciation on block, tools, equipments, furniture etc. @ 25% On Rs. 40,000	10,000
4. Interest on total capital @ 15%	4, 25,475

Total Rs.: 74, 28,475/-

D. TURNOVER (PER YEAR):

Sr. No.	Items	Qty(in pairs)	Rate (Rs.)	Amount(Rs.)
1	Shopping bag	3000 nos.	600/- each	18,00,000
2.	Ladies vanity bag	6000 nos.	560/- each	33,60,000
3.	Ladies purse	18000 nos.	75/- each	13,50,000
4.	Gents wallet	18000 nos.	70/- each	14,40,000
5.	Jewelley case	3000 nos.	190/- each	5,70,000
	Total:			85,20,000

E. NET PROFIT (PER YEAR) BEFORE TAXATION:

= Turnover (-) cost for production

= Rs. 85, 20,000 (-) Rs. 74, 28,500

= **Rs. 10, 91,500**

F. NET PROFIT RATIO:

= $\frac{\text{Net profit per year} \times 100}{\text{Turnover per year}}$

= $\frac{10,91,500 \times 100}{85,20,000}$

= **12.81 %**

G. RATE OF RETURN ON TOTAL INVESTMENT:

= $\frac{\text{Net profit} \times 100}{\text{Total investment}}$

= $\frac{10, 91,500 \times 100}{28, 36,500}$

= **38.48%**

H. BREAK EVEN ANALYSIS:

Sr. No.	Fixed cost	Amount(Rs.)
1.	Rent	78,000
2.	Depreciation on machinery	87,000
3.	Depreciation on machine tools	10,000
4.	Interest	4, 25,475
5.	40% on salary and wages	8, 78,400
6.	40% of utility	33,600
7.	40% of other contingent expenses on Rs. 75,000	96,000
	Total:	16,08,475

Say Total Rs.

16,08,500/-

$$\begin{aligned} \text{B.E.P} &= \frac{\text{Fixed cost} \times 100}{\text{Fixed cost} + \text{Profit}} \\ &= \frac{16,08,500 \times 100}{16,08,500 + 10,91,500} = 59.57\% \end{aligned}$$

I. ADDITIONAL INFORMATION:

With same plant, machinery and manpower, it is possible to manufacture other types of allied goods such as School/ College bags, Traveling bags, Gents pouch etc. made of synthetic materials.

J. ADDRESSES OF MACHINERY AND EQUIPMENT SUPPLIERS:

1. M/s Benson Industries,
96, Sri Aurobindo Road,
Salkia, Howrah - 6.
2. M/s Paul Brothers,
Waterloo Street,
Kolkata – 700001.
3. M/s Goodluck Enterprises,
No.8, Kamaraj Street,
Chrompet, Chennai – 600044.
4. M/s S.P. Engineering Works,
Dayal Bagh Road,
New Agra – 282005.
5. M/s Indian Leather Machines
6, Sangita Industrial Estate,
Pokhran Road No. 1,
Thane – 400606 (Maharashtra).
6. M/s Pual Brothers,
642, Anna Salai,
Chennai – 600006.

K. RAW MATERIALS, FOOTWEAR COMPONENTS, GRIENDERIES ETC.

1. M/s A.J.B. Leathers,
743/5, Pallapatty Village,
Madurai Road,
Dindigul – 642002.
2. M/s Amjad Finished Leather Company,
54, Maddox Street, Choolai,

Chennai – 600112.

3. M/s Valliappa Leather Corporation,
Narayana Chetty Street,
Periamet, Chennai – 600003.
4. M/s Super Tannery Ltd
Jajmau, Kanpur.
5. M/s Sethu Exports Agencies,
114, Vepery High Road,
Chennai – 600003.
6. M/s Abdul Vaheed and Co.
26, Vepari High Road,
Kolkata – 700046.
7. M/s APL Poly Fab Pvt. Limited
48 C, Maheshwar Tala Road,
Kolkata – 700046.
8. M/s Mou Chug Tannery Pvt. Ltd
N47, South Tungra Road,
Kolkata – 700046.
9. M/s Modern Leather Stores,
1, Biddhan Sarani
Kolkata – 700012.
