KHADI & VILLAGE INDUSTRIES COMMISSION
PROJECT PROFILE FOR GRAMODYOG ROZGAR YOJANA
MANUFACTURING OF SHELLAC INSULATING VARNISH
(AIR-DRYING)

Shellac Insulating Varnish ‘air-drying’ type, which is required to give an over coat on the
electrical parts after fabricating the machine, such as electrical accessories of motor parts before
assembling. This type of air-drying varnish is also required to coat the surface of electrical conductors.
The scheme can give employment for 2 persons by producing 4094 litres of varnish.

1. Name of the Product : Shellac Insulating Varnish
   (Air-Drying)

2. Project Cost :
   (a) Capital Expenditure
       Land : Own
       Building Shed 300 sq.ft. : Rs. 60000.00
       Equipment : Rs. 8000.00
       (SS Vats-50 lits, Mech. Stirrer with 0.5 HP
       Motor, 50 lits SS reservoir with stopcock bottom,
       Weighing balance, Measuring Cylinder & other
       Tools & implements)
       Total Capital Expenditure : Rs. 68000.00
   (b) Working Capital : Rs. 58000.00

   TOTAL PROJECT COST : Rs. 126000.00

3. Estimated Annual Production of Shellac Insulating Varnish
   (Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Capacity in Litrs.</th>
<th>Rate</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shellac Insulating Varnish</td>
<td>4094.00 (Air-Drying)</td>
<td>85.00</td>
<td>350.52</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>4094.00 (Air-Drying)</td>
<td>85.00</td>
<td>350.52</td>
</tr>
</tbody>
</table>

4. Raw Material : Rs. 175000.00
5. Labels and Packing Material : Rs. 10000.00
6. Wages (Skilled & Unskilled) : Rs. 72000.00
7. Salaries : Rs. 36000.00  
8. Administrative Expenses : Rs. 20000.00  
9. Overheads : Rs. 15000.00  
10. Miscellaneous Expenses : Rs. 5000.00  
11. Depreciation : Rs. 3800.00  
12. Insurance : Rs. 680.00  
13. Interest (As per the PLR)  
   (a) Capital Expenditure Loan : Rs. 8840.00  
   (b) Working Capital Loan : Rs. 7540.00  
   Total Interest : Rs. 16380.00  
14. Working Capital Requirement  
   Fixed Cost : Rs. 70520.00  
   Variable Cost : Rs. 279540.00  
   Requirement of Working Capital per Cycle : Rs. 58343.00  
15. Estimated Cost Analysis  

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Capacity Utilization (Rs. in `000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>1.</td>
<td>Fixed Cost</td>
<td>70.52</td>
</tr>
<tr>
<td>2.</td>
<td>Variable Cost</td>
<td>280.00</td>
</tr>
<tr>
<td>3.</td>
<td>Cost of Production</td>
<td>350.52</td>
</tr>
<tr>
<td>4.</td>
<td>Projected Sales</td>
<td>375.00</td>
</tr>
<tr>
<td>5.</td>
<td>Gross Surplus</td>
<td>24.48</td>
</tr>
<tr>
<td>6.</td>
<td>Expected Net Surplus</td>
<td>21.00</td>
</tr>
</tbody>
</table>

Note:  
1. All figures mentioned above are only indicative and may vary from place to place.  
2. If the investment on Building is replaced by Rental Premises-  
   (a) Total Cost of Project will be reduced.  
   (b) Profitability will be increased.  
   (c) Interest on Capital Expenditure will be reduced.