Since the demand for footwear and leather goods such as bags, school bags etc. have tremendously increased not only in cities, but in rural areas also, the need for more and more leather shops have become imperative. Without the botheration of production activities, the small shops can provide good lively goods for many people with an assured profit.

1. **Name of the Product** : Sale Outlet for Leather Goods

2. **Project Cost** :

   (a) **Capital Expenditure**

   - Land : Own
   - Building Shed 300 sq.ft. : Rs. 60000.00
   - Equipment : Rs. 100000.00
     (Furniture & Fixure & Interior, Oil storage tank etc..)

   Total Capital Expenditure : Rs. 160000.00

   (b) **Working Capital** : Rs. 335000.00

   **TOTAL PROJECT COST** : Rs. 495000.00

3. **Estimated Annual Sale** :

   (Value in í000)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Capacity</th>
<th>Rate</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Leather Goods</td>
<td></td>
<td></td>
<td>1500.00</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>1500.00</td>
</tr>
</tbody>
</table>

4. Raw Material : Rs. 1000000.00

5. Labels and Packing Material : Rs. 25000.00

6. Wages (Skilled & Unskilled) : Rs. 120000.00
7. Salaries : Rs. 72000.00
8. Administrative Expenses : Rs. 25000.00
9. Overheads : Rs. 25000.00
10. Miscellaneous Expenses : Rs. 10000.00
11. Depreciation : Rs. 13000.00
12. Insurance : Rs. 1600.00
13. Interest (As per the PLR)
   (a) Capital Expenditure Loan : Rs. 20800.00
   (b) Working Capital Loan : Rs. 43550.00
   Total Interest : Rs. 64350.00
14. Working Capital Requirement
   Fixed Cost : Rs. 129400.00
   Variable Cost : Rs. 1213550.00
   Requirement of Working Capital per Cycle : Rs. 335738.00
15. Estimated Cost Analysis

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>100%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Fixed Cost</td>
<td>129.40</td>
<td>77.64</td>
<td>90.58</td>
<td>103.52</td>
</tr>
<tr>
<td>2.</td>
<td>Variable Cost</td>
<td>1214.00</td>
<td>728.40</td>
<td>849.80</td>
<td>971.20</td>
</tr>
<tr>
<td>3.</td>
<td>Cost of Production</td>
<td>1343.40</td>
<td>806.04</td>
<td>940.38</td>
<td>1074.72</td>
</tr>
<tr>
<td>4.</td>
<td>Projected Sales</td>
<td>1500.00</td>
<td>900.00</td>
<td>1050.00</td>
<td>1200.00</td>
</tr>
<tr>
<td>5.</td>
<td>Gross Surplus</td>
<td>156.60</td>
<td>93.96</td>
<td>109.62</td>
<td>125.28</td>
</tr>
<tr>
<td>6.</td>
<td>Expected Net Surplus</td>
<td>144.00</td>
<td>81.00</td>
<td>97.00</td>
<td>112.00</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.