

Leather Waist Belt

PRODUCT CODE	: 292918002
QUALITY AND STANDARDS	: The product will be manufactured as per buyer's requirements and specification
PRODUCTION CAPACITY	: Leather waist belts, 18,000 pieces(per annum) Value: Rs. 12,2400
MONTH AND YEAR OF PREPARATION	: February, 2003
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INTRODUCTION

Leather waist belt is an item of dress used by young and old. It has a functional value beside being a fashion item. The actual use of this belt is to keep the pant tight at the waist. They are made in different widths and lengths to suit customers of all age groups and build. The leather used is plain or chrome tanned cowhides of even substance in different colours and shades of mainly black and brown. The buckles used are in different attractive designs and plated. They are detachable and fitted as per customers choice. Leather belts are more comfortable in use and long lasting than belts made of other materials. The manufacturing process of these belts are very simple. This item can easily be fabricated by small scale/cottage scale units.

MARKET POTENTIAL

The demand for waist belts made of leather is increasing in domestic as well as export markets. It is popular among school-going children and youths wearing western dress. It is also popular among the other age groups of men. There is no scarcity of raw materials and skilled workers, as the same is available in abundant quantity at every place of the country.

BASIS AND PRESUMPTIONS

1. The production is based on single shift basis of 8 hrs. per day and 25 numbers of working days in a month.
2. Maximum capacity period 5 years.
3. Labour will be engaged on monthly basis keeping in view the

present rates prevailing in the market.

4. Rate of the interest @ 18% per annum.
5. Margin money of the total investment - 25%.
6. Pay back period - 10 to 12 years.
7. Land and building rented, constructed area 75 sq.mt.
8. Rent Rs.2,500 per month.

IMPLEMENTATION SCHEDULE

It will take 10 months time to complete all the formalities before starting the commercial production.

TECHNICAL ASPECTS

Process of Manufacture

After selection of suitable leather, the belts of different sizes are cut by strap cutting machine and skived from the edges. Similarly the lining of the same sizes of required leather is also cut. The skived edges are folded. Then the lining attached by paste. After pasting the belts are stitched with help of stitching machine. The excess of lining are to be trimmed. The other operations like buckle attaching edge setting punching are then carried out according to the design. The belts are then finally inspected and packed.

Quality Control and Standards

The belts are generally manufactured as per buyer's requirements and specifications. However the quality of this item will be maintained by the good quality of raw materials, selection of appropriate designs and strict supervision during manufacturing process.

Production Capacity

Leather waist belts - 18,000 pieces -
Value : Rs. 12,2400

Motive Power 3 HP.

Pollution Control

This industry does not create any kind of pollution and as such there is no need to take any preventive measures for pollution control.

Energy Conservation

There is no scope of energy conservation in this unit.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building

Built up area - 75sq.mt.

Rent Rs. 2,500 per month

(ii) Machinery and Equipments

Sl. No.	Description	Ind.	Qty.	Rate (Nos.)	Value (Rs.)
1.	Strap cutting machine	Ind.	1	15,000	15,000
2.	Upper Leather skiving machine	Ind.	1	37,000	37,000
3.	Single Needle flat bed Industrial sewing machine 31ND 15 Merrit	Ind.	2	8,500	17,000
4.	Side creasing machine	Ind.	1	5,000	5,000
5.	Hand tools and other equipments				10,000
6.	Office equipment and working table etc.				15,000
7.	Electrification and installation charges @ 10% of machinery				7,400
				Total	1,06,400
	(iii) Pre-operative Expenses	L.S.			10,000
				Total	1,16,400

B. Working Capital (per month)

(i) Personnel (per month)

Designation	No.	Salary (Rs.)	Amount (Rs.)
Manager	1	4,000	4,000
Supervisor	1	2,500	2,500
Accountant cum Storekeeper	1	2,000	2,000
Clerk cum typist	1	1,500	1,500
Skilled Workers	4	1,500	6,000
Semi-skilled worker	2	1,000	2,000
Watchman/Peon	1	800	800
Total			18,800
<i>Perquisites @15% on Salaries</i>			2,820
Total			21,620
Say			21,600

(ii) Raw Materials (per month)

Sl. No.	Particulars	Qty.	Rate (Rs.)	Value (Rs.)
1.	Chrome Tanned upper Leather	9000 dcm	3,50 dcm	31,500
2.	Splid Upper	9000	@ Rs.1/dcm	9,000
3.	Buckle, thread, solution etc.	1500 pcs	@ Rs.10/pc	15,000
4.	Packing material	1500 pcs	@ Rs.2/pc	3,000
Total				58,500

(iii) Utilities (per month)			(Rs.)
Power	300 units	Rs.4/per unit	1200
Light	100 unit	Rs.3/unit	300
Water	L.S.	200	
Total			1700

(iv) Other Contingent Expenses (per month) (Rs.)	
Rent	2,500
Postage and Stationery	300
Repair and Maintenance	200
Consumable Stores	300
Transport Charges	1,000
Advertisement and Publicity	1,000
Insurance	500

Other Contingent Expenses (per month) (Rs.)	
Taxes	500
Misc. Expenses	700
Total	7,000

(v) Total Working Capital (Rs.)	
(I) Personnel	21,600
(ii) Raw material	58,500
(iii) Utilities	1,700
(iv) Other Contingent Expenses	7,000
Total	88,800

(vi) Working Capital (for 3 months) (Rs.)	
88,800 x 3 =	2,66,400

C. Total Capital Investment

Fixed Capital	1,16,400
Working Capital for 3 months	2,66,400
Total	3,82,800

MACHINERY UTILISATION

Initially 60% utilisation of machinery is there and thereafter it will increase @ 10% per year and 100% utilisation will be achieved during the next five years.

FINANCIAL ANALYSIS

(1) Cost of Production (per annum) (Rs.)	
(i) Total recurring cost	10,65,600
(2) Depreciation on machinery and equipment @ 10%	8,140
(3) Depreciation on Tools, furniture and fixture @ 20%	5,000
(4) Interest on total capital investment @ 18%	57,420
Total	11,36,160
Say	11,36,200

(2) Turnover (per annum)

Item	Qty.	Rate (Rs.)	Value (Rs.)
Leather Waist Belts	18,000 pcs	Rs.70	12,60,000

$$\begin{aligned}
 (3) \text{ Net Profit (per annum)} & \\
 &= \text{Total Sales} - \text{Cost of Production} \\
 &= \text{Rs. } 12,24,000 - 11,36,200 \\
 &= \text{Rs. } 1,23,800
 \end{aligned}$$

$$\begin{aligned}
 (4) \text{ Net Profit Ratio} & \\
 &= \frac{\text{Net Profit} \times 100}{\text{Turnover per year}} \\
 &= \frac{1,23,800 \times 100}{12,60,000} \\
 &= 9.82\%
 \end{aligned}$$

$$\begin{aligned}
 (5) \text{ Rate of Return} & \\
 &= \frac{\text{Net Profit Ratio} \times 100}{\text{Total Investment}} \\
 &= \frac{1,23,800 \times 100}{3,82,800} \\
 &= 32.34\%
 \end{aligned}$$

(6) Break-even Point

Fixed Cost	(Rs.)
(a) Depreciation on machinery and equipment	8,140
(b) Rent for one year	30,000
(c) Interest on total capital investment	57,420
(d) Insurance	6,000
(e) 40% of other Contingent expenses	27,360
(f) 40% of Salary and Wages	1,03,680
Total	2,32,600

B.E.P

$$\begin{aligned}
 &= \frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Profit}} \\
 &= \frac{2,32,600 \times 100}{2,32,600 + 1,23,800} \\
 &= 65.26\%
 \end{aligned}$$

Addresses of Machinery and Equipment Suppliers

1. M/s. Raj Machine Home
35/118-D, Lashkarpur

Near Kamala Nagar,
Agra-282005

2. M/s. Leather Machinery Corpn.
11, Harrington Road,
Chetpet,
Cennai-600006
3. M/s. Benson Industries
96, Sri Arobindo Road,
Salkia, Howrah,
(West Bengal)
4. M/s. Paul Bros. and Co.
642, Anna Salai,
Thousand Light,
Chennai-600 006

Raw Material Suppliers

1. M/s. Valliappa Leather Corpn.
3/5 and 6, Narayana Chetty Street
Periamet,
Chennai-600 003
2. M/s. T. Abdul Wahid and Co.
26, Vepery High Road,
Chennai-6 00 003
3. M/s. Tamil Nadu Leather Dev.
Corpn. Ltd.
857, Periyar SVR High Road,
Chennai-600 010
4. M/s. Bharani Agencies
126, Thambu Chetty Street,
3rd Floor,
Chennai-600 001
5. M/s. Popular Thread Factory
No.28, Kasi Chetty Street,
Chennai-600 097
6. M/s. Skandia Sales and Services
(P) Ltd.
1-B, gen. Colling Road,
Choolai, Chennai-600 112