

PROJECT PROFILE

PRODUCT

HARNESS AND SADDLERY

PRODUCT CODE

290905, ASICC-44906

QUALITY AND STANDARD

As per Buyer,s Specification

PRODUCTION CAPACITY

60,000 nos, per year

MONTH AND YEAR OF
PREPARATION

February, 2011

PREPARED BY

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PROJECT PROFILE ON HARNESS AND SADDLERY

INTRODUCTION;

Harness & Saddlery is made out of vegetable tanned leather which is fitted on top part of the horse back bone seat. The Saddlery with leather top is more comfortable and long lasting. Two types of saddlery are used by the horse riders i.e for general purpose and horse show jumping. Mostly, the industries are concentrated at Kanpur, Meerut (U.P). The raw material for manufacturing saddlery are indigenously available.

MARKET POTENTIAL:

At present, there are very few units manufacturing Harness and Saddlery in India and Mostly concentrated in Northern part of country. Now due to increasing demand from abroad, the new units in Southern part of India is also coming up. As far as domestic market is concerned, it is widely required in Defence, Armed/ Police Training centres, Race clubs, Model school etc. Hence it has a wide market potential in domestic as well as in abroad market.

IMPLEMENTATION SCHEDULE

- | | |
|--|-------------|
| 1. Site selection, Registration, market survey, preparation of project report and other formalities. | - 2 month |
| 2. Purchase and Registration of land. | - 1 month |
| 3. Construction of building, selection of machinery. & sanction of loan from financial institution. | - 8 month |
| 3. Purchase of machines, installation, power connection, training to the employees | - 2 months |
| 5. Trail production, arranging working capital of materials & market tie-up. | -2 months |
| . 6. Total period required for commencing commercial production . | - 15 months |

BASIS & PRESUMPTION.

1. It is proposed to produce 200 pcs .of Harness & Saddlery per day.
(60,000.pcs per year) basis of 8 hours per day with 25 days in a month.
2. The salary and wages for personnel/ labour are taken on monthly basis and as
Per prevailing condition in the leather industry.
2. Interest rate is calculated @14% p.a. on total investment.
3. Margin money 25% on fixed and working capital.

Land & Building:

1. Land: 500 Sq. meter @ Rs.750/-sq. mtr.
- 2, Building: 200 Sq. meter @ Rs.3600/- sq .mtr.
3. Office Building : 50 Sq. meters @ Rs.3000/-sq. mtr.
4. Power Tariff Unit: Rs.5 per unit

TECHINICAL ASPECTS :

1.Process of manufacturing:

The buffing of the vegetable tanned leather is done by buffing machine and are cut as per standard pattern with the help of clicking dies and press. Further they are split to the required thickness of the end product. These patterns are moistened and moulded in the moulding press to get the desired shape of the product. After attaining the shape of the product they are taken out and are dried in a hot chamber. Along with the saddlery the side flap of 17"x12" (2 Nos) long belt for step 1-1/2" wide and 5 feet long(2 nos.) and leathers belt of 36" long, s also made. Further, the products are trimmed and are finished by spraying pigmented lacquer as per the desired colour and allowed to dry before packing.

2. Quality control & Standards:

The quality of the product is maintained as per Buyer, s specification or by following the ISI-1637-4971 or as per ASICC Code-44906.

3. Production Capacity (P.A):

60,000 pcs .of Harness & Saddlery Value Rs. 4,86,00,000/-

4. Motive Power: 15 H.P.
5. Pollution Control:

There is no pollution in the manufacturing of Harness & Saddlery items.

FINANCIAL ASPECTS

A. FIXED CAPITAL

1. LAND & BUILDING:

2. Land :	500sq.mtr.	3,75,000
3. Building:	200 sq. mtr.	7,20,000
3. Office :	50 sq. mtr.	<u>1,50,000</u>
		12,45,000

II. MACHINERY AND EQUIPMENTS

Sr.	Description	Ind/Imp	Qty(No)	Amount(Rs.)
1,	Hydraulic Cutting Press with sets of cutting dies 15 H.P. motor	Ind	1	3,00,000
2	Moulding press with heating arrangement and sets of moulds	Ind	1	2,50,000
3.	Heavy leather splitting machine(60 cm working width)	Ind	1	80,000
4.	Three step trimming machine	Ind	1	45,000
<u>5</u>	Buffing machine with dust collector	Ind	1	85,000
<u>6</u>	Strap cutting machine	Ind	1	60,000
<u>7</u>	Spray booth with compressor and 2 spray gun	Ind	1set	60,000
<u>8</u>	Hot chamber for drying	Ind	-	65,000/-
<u>9</u>	Office furniture	Ind.	-	50,000
<u>10</u>	Tools & Equipments	Ind.	-	30,000-/-
<u>11</u>	Electrification and installation @ 10% of machine cost	Ind.	-	95,000/-
	Total			11,20,000

III. Pre-operative expenses

	80,000
Total fixed cost (I+II+III)	24,45,000

B. WORKING CAPITAL

1. PERSONNEL (P.M)

S. No.	Designation	No.	Salary (Rs.)	Total (Rs.)
1.	Manager	1	15,000	15,000
2.	Technical supervisor	1	7,000	7,000

3.	Accountant	1	5,000	5,000
4.	Machine Operator	7	6,000	42,000
5.	Skilled workers	5	5,000	25,000
6.	Un-skilled workers	3	3,000	9,000
7.	Clerk-cum-Typist	1	4,000	4,000
8.	Security guard	2	3,000	<u>6,000</u>
				1,1
			TOTAL	3,000
			Add perquisition@15%	16,950
			TOTAL	1,29,950
				Say 1,30,000/-
				-

2. RAW MATERIAL (PM)

S.No.	Description	Quantity	Rate(Rs.)	Total (Rs.)
1.	Vegetable tanned leather @ 4 Kgs per saddle	20,000 kgs	160/-	32,00,000
2.	Finishing charges	5,000 Pcs	40/-Piece	<u>2,00,000</u>
			TOTAL	34, 00,000

3. UTILITIES (PM):

S. No	Description	Amount (Rs.)
1.	Power 2238 units @ Rs. 5/-	11,190
2.	Water Charges	<u>810</u>
	TOTAL	12,000

4. OTHER CONTINGENT EXPENSES (PM)

S.No.	Description	Amount (Rs.)
1.	Repair & Maintenance	7,000
2..	Transportation	5,000
3..	Postage and stationery	3,000
4..	Telephone	2,000
5.	Consumable	3,000
6.	Travelling expenses	5,000
7.	Others	<u>10,000</u>
	TOTAL	35,000

5. TOTAL WORKING CAPITAL (PM)

S.No.	Description	Amount (Rs.)
1.	Staff and labour	1,30,000
2.	Raw Material	34,00,000
3.	Utilities	12,000
4.	Others	35,000
	TOTAL	35,77,000

6. WORKING CAPITAL (for 3 months)

$$35,77,000 \times 3 = 1,07,31,000$$

C. TOTAL CAPITAL INVESTMENT:

S. No.	Description	Amount (Rs.)
1.	Fixed Capital	24,45,000
2.	Working Capital (3 months)	<u>1,07,31,000</u>
	TOTAL =	1,31,76,000

FINANCIAL ANALYSIS

1. Cost of production (per year)

1.	Total recurring cost.	4,29,24,000
2.	Depreciation on Building @ 5%	62,250
3.	Depreciation on Machinery @ 10%	94 500
4.	Depreciation on Furniture& fixture @ 25%	12,500
5.	Depreciation on Tools & Equipments @ 20%	6,000
6.	Interest on total Capital Investment @ 14 %	18,44,640
	Total	4, 49,43,890
	Say	4, 49,44,000

2. TURNOVER (Per annum)

By sale of 60,000 pcs. of Harness & Saddlery @ Rs. 810/-per piece = **4,86,00, 000/-**

3. NET PROFIT (P.A)

Turnover	4,86,00,000
Cost of production	<u>4,49,44,000</u>
Profit =	36,56,000

4 . Net profit Ratio:

$$\frac{\text{Net profit} \times 100}{\text{Turnover}} = \frac{36,56,000 \times 100}{4,86,00,000} = 7.5\%$$

5. Rate of Return:

$$\frac{\text{Profit} \times 100}{\text{Total Capital Investment}} = \frac{36,56,000 \times 100}{1,31,76,000} = 27.8\%$$

6. Break—Even Point

1.Fixed Cost

1.Total Depreciation 1,75,250

2.Interest 18,44,640

3. 40% of salary and wages 6,24,000

4. 40% of other, utilities 2,25,600

Total = 28,69,490

Say 28,69,500

$$\text{BEP} = \frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Profit}} = \frac{28,69,500 \times 100}{28,69,500 + 36,56,000} = 44\%$$

ADDRESSES OF MACHINERY AND EQUIPMENTS SUPPLIERS

1. M,/S . Bharat Sales Agencies, 14, Maruti Lane, Near Handloom House. Fort, Mumbai-400001.
- 2 M/S Indo-German Shoe Machine Co.(p) Ltd 107, Govt. Industrial Estate, Kondivilli (west) Mumbai-400067.
- 3 M/S Ideal Udyog, 149-150. Gwalior Road, Shalizadi Mandi .Agra Cantt.
4. M/S Benson Industries, 96, Sri Arovinde Road , Salkia Howrah-711106.
5. M/S Shalimar Egg. Work (P) Ltd. 12-B, Prabhunath Sarkar Lane, Kolkata-700015.
6. M/S S.P. Engg. Work (P) Ltd, Dayal Bagh Road New Agra-282005.
7. M/S Bata India Ltd, Bata Nagar-743313.
8. M/S Prototype Development & Training Centre, Sector -24 Guindy Estate,

P.O . Ekkaduthangal Channai-600097.

9. M/S The Bengal Machinery Co (P)Ltd, 9-A, Ne Tangra Road, Kolkata-700016

NAMES AND ADDRESSES OF MATERIAL SUPPLIERS

- 1.M/S . S.K .Omkar Tannery, Nurmahal Road Phillaur Distt.Jalandhar.
2. M/S. Pioneer Tannery Jajmau, Kanpur-10(U.P)
3. M/S. Zaz Tannery , Jajmau, Kanpur-10 (U.P).
4. M/S. Jajmay Tannery, Jajmau , Kanpur- 10(U.P).
5. M/S. Asia Tannery, Jajmau, Kanpur-10(U.P).
6. M/S. Sandoz (INDIA) Ltd, Dyes Division, Sandoz House,
Dr. Annie Besant Road, Worli, Mumbai-400018
7. M/S. Quinn India, Ltd-17. Ormer Road Road , Mumbai.
8. M/S. Indofil Chemical Ltd, Nirlon House,Dr. Annie Besant Road,
Mumbai- 400025.