PROJECT REPORT

Of

LEATHER BELT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Leather belt

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

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PROJECT PROFILE

of

LEATHER BELTS

INTRODUCTION

Leather waist belt is an item of dress used by young and old. It has a functional value besides being afashion 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 customer's choice. Leather belts are more comfortable in use and long lasting than belts made of other materials. The manufacturing process of these belts is 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.

PRODUCT & ITS APPLICATION:

The term "leather belt" can be very misleading. It can be used to describe many different types of belts that vary in quality and price. All these belts look like a simple strip of leather with a buckle, but conceptual differences abound in their manufacturing process. Depending on the exact material, a leather belt can exhibit different levels of strength, durability and flexibility.

Synthetic Leather Belt: The synthetic leather contains no leather at all. It is made out of polymer that gives the appearance and feel of leather. Their manufacture is very easy, which makes them highly affordable and accessible in all sorts of colors, designs, and patterns. Faux leather belts are a good choice for those who wish to swap different belts with their wardrobe. They are not very durable, but if you do not use them often, they can last for years.

Bonded Leather Belt: Bonded leather belts represent the most affordable real leather option on the market. These belts are created by pressing together leather waste scraps. The small leather fibers are glued together and treated to look like a single piece of leather. Very cost-efficient, the process results in a cheap alternative to genuine leather belts.

Genuine Leather Belt: Genuine contain higher-grade leather. They may still have layers of leather scraps, but only as a fill in the middle. The outer layers are top-grain leather, which increases its strength and durability. This type of belt is considerably cheaper compared to one made solely out of top-grain leather. With a little maintenance, a real leather belt can serve its purpose for a very long time.

Full Grain Leather Belt: The highest-grade leather belt, full grain leather belts are constructed out of top-grain leather, found only on the top layers of the animal's skin. This layer may contain blemishes, but that only adds to the belt's charm. In terms of durability, flexibility and strength, a full grain belt is unmatched. However, one can cost as much as several bounded leather belts. Full grain belts are a good choice for those who priorities quality over quantity.

Formal or Casual: Leather belts are an essential part of men's formal clothing, and a few rules apply to choosing an appropriate one. The chosen men's formal belt should be same color, contrast, hue, and tone as the shoes. In addition, it should measure between 3 and 4.5 cm wide and 3 mm thick. Men's casual belts are not that constrictive and do not need to be leather at all. Still, many casual leather belts can be an interesting addition to your wardrobe.

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.
   Labour will be engaged on monthly basis keeping in view the present rates prevailing in the market.
3. Rate of the interest @ 11.50% per annum.
4. Margin money of the total investment - 10%.
5. Payback period - 5 years.
6. Land and building rented, constructed area 1000Sqft

IMPLEMENTATION SCHEDULE

It will take 8 months time to complete all the formalities before starting the commercial production

RAW MATERIAL

Chrome Tanned upper Leather
Split Upper
Buckle, thread, solution etc.
Packing material

PROCESS OF MANUFACTURE

After selecting the right leather, cut the belts of different sizes by strap cutting machine. Additionally, skive it from the edges. Similarly, cut the lining of the same sizes of required leather. Then, fold the skived edges. Then the lining attached by paste. After pasting the belts, stitch them with help of stitching machine. Additionally, trim the excess of lining properly. Then carry out the other operations like buckle attaching edge setting punching according to the design. Finally, inspect the belts properly and then pack. Finally, you must maintain the quality control and standards in leather belt manufacturing. Basically, you must procure the good quality raw materials, select appropriate designs and perform strict supervision during the manufacturing process.

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 - 30,000 pieces at 100% capacity utilization .The capacity utilization in the first year shall be 60% with 10% increase PA

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.

PROJECT AT A GLANCE

1	Name of the Entreprenuer		XXXXXXX		
2	Constitution (legal Status)		XXXXXXX		
3	Father's/Spouce's Name		XXXXXXXX		
4	Unit Address		XXXXXXXX		
			Taluk/Block:		
			District :	XXXXX	
			Pin:	XXXXX	State:
			E-Mail :	XXXXX	
			Mobile	XXXXX	
5	Product and By Product	:	**Leather Belt Manufacturing**		
6	Name of the project / business activity propos		**Leather Belt Manufacturing**		
7	Cost of Project	:	Rs9.25lac		
8	Means of Finance				
	Term Loan		Rs.5.42 Lacs		
	KVIC Margin Money	-	As per Project Eligibility		
	Own Capital		Rs.0.92 Lacs		
	Working Capital		Rs.2.9 Lacs		
9	Debt Service Coverage Ratio	:	7.39		
10	Pay Back Period	:	5	Years	
11	Project Implementation Period	:	8	Months	
12	Break Even Point	:	17%		
13	Employment	:	5	Persons	
14	Power Requirement	:	3.00	HP	
15	Major Raw materials	:	Chrome Leather		
16	Estimated Annual Sales Turnover	:	42.75	Lacs	
16	Detailed Cost of Project & Means of Finance				

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (1200 Sq Ft)	3.60
Plant & Machinery	1.50
Furniture & Fixtures	0.42
Pre-operative Expenses	0.50
Working Capital Requirement	3.23
Total	**9.25**

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	0.92
Term Loan	5.42
Workign Capital Finance	2.90
Total	**9.25**

	General	**Special**
Beneficiary's Margin Money (% of Project Cost)	10%	5%

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Strap cutting machine	1	25000	25,000.00
Upper Leather skiving machine	1	50000	50,000.00
Sewing Machine	2	22000	44,000.00
Side creasing machine	1	10,000	10,000.00
Hand tools	LS	21000	21,000.00
			150,000.00

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
SOURCES OF FUND					
Capital Account	0.92	0.92	0.92	0.92	0.92
Retained Profit	10.74	22.35	34.69	48.99	65.20
Term Loan	5.42	4.06	2.71	1.35	- 0.42
Cash Credit	2.90	2.90	2.90	2.90	2.90
Sundry Creditors	1.26	1.47	1.68	1.89	2.10
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	**21.60**	**32.11**	**43.34**	**56.54**	**71.24**
APPLICATION OF FUND					
Fixed Assets (Gross)	5.52	5.52	5.52	5.52	5.52
Gross Dep.	0.61	1.16	1.65	2.08	2.47
Net Fixed Assets	4.91	4.36	3.87	3.44	3.05
Current Assets					
Sundry Debtors	1.43	1.74	1.99	2.24	2.49
Stock in Hand	3.06	2.79	3.18	3.58	3.98
Cash and Bank	9.70	20.47	31.27	43.96	58.05
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	**21.60**	**32.11**	**43.34**	**56.54**	**71.24**
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
A) SALES					
Gross Sale	42.75	52.13	59.63	67.13	74.63
Total (A)	**42.75**	**52.13**	**59.63**	**67.13**	**74.63**
B) COST OF SALES					
Raw Mateiral Consumed	25.20	29.40	33.60	37.80	42.00
Elecricity Expenses	0.26	0.30	0.34	0.39	0.43
Repair & Maintenance	-	0.52	0.60	0.67	0.75
Labour & Wages	2.38	2.61	2.87	3.16	3.48
Depriciation	0.61	0.56	0.49	0.43	0.38
Consumables and Other Expense	0.86	1.04	1.19	1.34	1.49
Cost of Production	29.29	34.43	39.10	43.80	48.53
Add: Opening Stock /WIP	-	1.80	2.10	2.40	2.70
Less: Closing Stock /WIP	1.80	2.10	2.40	2.70	3.00
Cost of Sales (B)	27.49	34.13	38.80	43.50	48.23
C) GROSS PROFIT (A-B)	15.26	17.99	20.83	23.63	26.40
	36%	**35%**	**35%**	**35%**	**35%**
D) Bank Interest (Term Loan)	0.47	0.56	0.41	0.25	0.09
Bank Interest (C.C. Limit)	0.29	0.29	0.29	0.29	0.29
E) Salary to Staff	2.90	3.19	3.51	3.87	4.25
F) Selling & Adm Expenses Exp.	0.86	1.04	1.19	1.34	1.49
TOTAL (D+E)	**4.52**	**5.09**	**5.41**	**5.75**	**6.13**
H) NET PROFIT	10.74	12.90	15.42	17.88	20.27
I) Taxation	-	1.29	3.08	3.58	4.05
J) PROFIT (After Tax)	10.74	11.61	12.34	14.30	16.22

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
SOURCES OF FUND					
Share Capital	0.92	-			
Reserve & Surplus	10.74	12.90	15.42	17.88	20.27
Depriciation & Exp. W/off	0.61	0.56	0.49	0.43	0.38
Increase in Cash Credit	2.90	-	-	-	-
Increase In Term Loan	5.42	-	-	-	-
Increase in Creditors	1.26	0.21	0.21	0.21	0.21
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	**22.21**	**13.70**	**16.16**	**18.56**	**20.91**
APPLICATION OF FUND					
Increase in Fixed Assets	5.52	-	-	-	-
Increase in Stock	3.06	- 0.27	0.40	0.40	0.40
Increase in Debtors	1.43	0.31	0.25	0.25	0.25
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	1.35	1.35	1.35	1.78
Taxation	-	1.29	3.08	3.58	4.05
TOTAL :	**12.51**	**2.93**	**5.36**	**5.88**	**6.81**
Opening Cash & Bank Balance	-	9.70	20.47	31.27	43.96
Add : Surplus	9.70	10.77	10.80	12.68	14.10
Closing Cash & Bank Balance	**9.70**	**20.47**	**31.27**	**43.96**	**58.05**

COMPUTATION OF MANUFACTURING OF LEATHER BELT

Final Product : **Leather Belt**

Manufacturing Capacity per day	-	100.00	Pcs
	-		
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		30,000.00	Pcs
Year		Capacity	Pcs
		Utilisation	
IST YEAR		60%	18,000
IIND YEAR		70%	21,000
IIIRD YEAR		80%	24,000
IVTH YEAR		90%	27,000
VTH YEAR		100%	30,000

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of	Recovery	Unit Rate of	Total Cost
		Raw Material		/MT	Per Annum (100%)
		SQMT			
Raw Material Average rates of leather	100%	1,200.00	90%	2,500.00	27.00
Average rates of Buckles thread adhesive @50/pc	100%	30,000	Pcs	50.00	15.00
			Total (Rounded off in lacs)		42.00
Annual Consumption cost	(In Lacs)				42.00

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	60%	25.20
IIND YEAR	70%	29.40
IIIRD YEAR	80%	33.60
IVTH YEAR	90%	37.80
VTH YEAR	100%	42.00

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Finished Goods					
(15 Days requirement)	1.80	2.10	2.40	2.70	3.00
Raw Material					
(15 Days requirement)	1.26	0.69	0.78	0.88	0.98
Closing Stock	**3.06**	**2.79**	**3.18**	**3.58**	**3.98**

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			3.06
Sundry Debtors			1.43
		Total	4.49
Sundry Creditors			1.26
Working Capital Requirement			**3.23**
Margin			0.32
Working Capital Finance			**2.90**

BREAK UP OF LABOUR

Particulars		Wages Per Month	No of Employees	Total Salary
Skilled Worker		8,000.00	1	8,000.00
Unskilled Worker		5,000.00	2	10,000.00
				18,000.00
Add: 10% Fringe Benefit				1,800.00
Total Labour Cost Per Month				19,800.00
Total Labour Cost for the year (In Rs. Lakhs)			3	2.38

BREAK UP OF SALARY

Particulars		Salary Per Month	No of Employees	Total Salary
Manager		12,000.00	1	12,000.00
Accountant		8,000.00	-	-
Sales		10,000.00	1	10,000.00
Total Salary Per Month				22,000.00
Add: 10% Fringe Benefit				2,200.00
Total Salary for the month				24,200.00
Total Salary for the year (In Rs. Lakhs)			2	2.90

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	**TOTAL**
Rate of Depreciation		**10.00%**	**15.00%**	**10.00%**	
Opening Balance	Leased	-	-	-	-
Addition	-	3.60	1.50	0.42	5.52
	-	3.60	1.50	0.42	5.52
Less : Depreciation	-	0.36	0.23	0.02	0.61
WDV at end of Ist year	-	3.24	1.28	0.40	4.91
Additions During The Year	-	-	-	-	-
	-	3.24	1.28	0.40	4.91
Less : Depreciation	-	0.32	0.19	0.04	0.56
WDV at end of IInd Year	-	2.92	1.08	0.36	4.36
Additions During The Year	-	-	-	-	-
	-	2.92	1.08	0.36	4.36
Less : Depreciation	-	0.29	0.16	0.04	0.49
WDV at end of IIIrd year	-	2.62	0.92	0.32	3.87
Additions During The Year	-	-	-	-	-
	-	2.62	0.92	0.32	3.87
Less : Depreciation	-	0.26	0.14	0.03	0.43
WDV at end of IV year	-	2.36	0.78	0.29	3.44
Additions During The Year	-	-	-	-	-
	-	2.36	0.78	0.29	3.44
Less : Depreciation	-	0.24	0.12	0.03	0.38
WDV at end of Vth year	-	2.13	0.67	0.26	3.05

REPAYMENT SCHEDULE OF TERM LOAN 11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Cl Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	5.42	5.42	-	-	5.42
	Iind Quarter	5.42	-	5.42	0.16	-	5.42
	IIIrd Quarter	5.42	-	5.42	0.16	-	5.42
	Ivth Quarter	5.42	-	5.42	0.16	-	5.42
					0.47	-	
IIND YEAR	Opening Balance						
	Ist Quarter	5.42	-	5.42	0.16	0.34	5.08
	Iind Quarter	5.08	-	5.08	0.15	0.34	4.74
	IIIrd Quarter	4.74	-	4.74	0.14	0.34	4.40
	Ivth Quarter	4.40		4.40	0.13	0.34	4.06
					0.56	1.35	
IIIRD YEAR	Opening Balance						
	Ist Quarter	4.06	-	4.06	0.12	0.34	3.72
	Iind Quarter	3.72	-	3.72	0.11	0.34	3.39
	IIIrd Quarter	3.39	-	3.39	0.10	0.34	3.05
	Ivth Quarter	3.05		3.05	0.09	0.34	2.71
					0.41	1.35	
IVTH YEAR	Opening Balance						
	Ist Quarter	2.71	-	2.71	0.08	0.34	2.37
	Iind Quarter	2.37	-	2.37	0.07	0.34	2.03
	IIIrd Quarter	2.03	-	2.03	0.06	0.34	1.69
	Ivth Quarter	1.69		1.69	0.05	0.34	1.35
					0.25	1.35	
VTH YEAR	Opening Balance						
	Ist Quarter	1.35	-	1.35	0.04	0.34	1.02
	Iind Quarter	1.02	-	1.02	0.03	0.34	0.68
	IIIrd Quarter	0.68	-	0.68	0.02	0.55	0.13
	Ivth Quarter	0.13		0.13	0.00	0.55	- 0.42
					0.09	1.78	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
CASH ACCRUALS	11.34	12.17	12.83	14.74	16.60
Interest on Term Loan	0.47	0.56	0.41	0.25	0.09
Total	11.81	12.73	13.24	14.99	16.69
REPAYMENT					
Instalment of Term Loan	1.35	1.35	1.35	1.78	1.78
Interest on Term Loan	0.47	0.56	0.41	0.25	0.09
Total	1.82	1.92	1.76	2.03	1.87
DEBT SERVICE COVERAGE R	**6.48**	**6.63**	**7.51**	**7.38**	**8.93**
AVERAGE D.S.C.R.			**7.39**		

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	900	1,050	1,200	1,350
Production	18,000	21,000	24,000	27,000	30,000
	18,000	21,900	25,050	28,200	31,350
Less : Closing Stock	900	1,050	1,200	1,350	1,500
Net Sale	17,100	20,850	23,850	26,850	29,850
Sale Price per MT	250.00	250.00	250.00	250.00	250.00
Sale (in Lacs)	**42.75**	**52.13**	**59.63**	**67.13**	**74.63**

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	3	
Load Factor			0.7460	
Electricity Charges		per unit	8.00	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				42,969.60
Add : Minimim Charges (@ 10%)				
(B) D.G. SET				
No. of Working Days			300	days
No of Working Hours			-	Hour per day
Total no of Hour			-	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			-	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			-	
Add : Lube Cost @15%			-	
Total			**-**	
Total cost of Power & Fuel at 100%				0.43
Year		**Capacity**		**Amount**
				(in Lacs)
IST YEAR		60%		0.26
IIND YEAR		70%		0.30
IIIRD YEAR		80%		0.34
IVTH YEAR		90%		0.39
VTH YEAR		100%		0.43

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	42.75	52.13	59.63	67.13	74.63
Less : Op. WIP Goods	-	1.80	2.10	2.40	2.70
Add : Cl. WIP Goods	1.80	2.10	2.40	2.70	3.00
Total Sales	**44.55**	**52.43**	**59.93**	**67.43**	**74.93**
Variable & Semi Variable Exp.					
Raw Material & Tax	25.20	29.40	33.60	37.80	42.00
Electricity Exp/Coal Consumption at 85%	0.22	0.26	0.29	0.33	0.37
Manufacturing Expenses 80%	0.68	1.25	1.43	1.61	1.79
Wages & Salary at 60%	3.17	3.48	3.83	4.22	4.64
Selling & adminstrative Expenses 80%	0.68	0.83	0.95	1.07	1.19
Intt. On Working Capital Loan	0.29	0.29	0.29	0.29	0.29
Total Variable & Semi Variable Exp	**30.25**	**35.52**	**40.40**	**45.32**	**50.28**
Contribution	**14.30**	**16.91**	**19.52**	**22.10**	**24.65**
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.17	0.31	0.36	0.40	0.45
Electricity Exp/Coal Consumption at 15%	0.04	0.05	0.05	0.06	0.06
Wages & Salary at 40%	2.11	2.32	2.56	2.81	3.09
Interest on Term Loan	0.47	0.56	0.41	0.25	0.09
Depreciation	0.61	0.56	0.49	0.43	0.38
Selling & adminstrative Expenses 20%	0.17	0.21	0.24	0.27	0.30
Total Fixed Expenses	**3.57**	**4.01**	**4.10**	**4.23**	**4.38**
Capacity Utilization	**60%**	**70%**	**80%**	**90%**	**100%**
OPERATING PROFIT	**10.74**	**12.90**	**15.42**	**17.88**	**20.27**
BREAK EVEN POINT	**15%**	**17%**	**17%**	**17%**	**18%**
BREAK EVEN SALES	**11.11**	**12.43**	**12.59**	**12.89**	**13.31**

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