

**Project Profile on Dust Shield Leather**

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# **PROJECT PROFILE ON DUST SHIELD LEATHER**

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# **Project Profile on Dust Shield Leather**

**Nomenclature of the Product: Dust Shield Leather**

## **Commercial Details**

**1. HSN Code of the product:** 4107 & 4113

**2. NIC Code:** 15119

**3. Cluster already Existing on the product if any:**

Operating in 9 different states and 14 districts, leather clusters in India is one of the country's oldest clusters. Among them, Chennai, Kanpur, Agra and Kolkata produce 90% of India's total leather products and contribute hugely towards the economic development of the country.

The major production centers for leather and leather products in India are located in:

- West Bengal – Kolkata
- Uttar Pradesh – Agra, Kanpur, Noida and Saharanpur
- Maharashtra – Mumbai
- Punjab – Jalandhar
- Karnataka – Bangalore
- Andhra Pradesh – Hyderabad
- Haryana – Ambala, Faridabad, Gurgaon, Karnal and Panchkula
- Delhi
- Madhya Pradesh – Dewas
- Kerala – Calicut and Ernakulam.

**4. Possibility to create establish cluster on the product:** There exists the possibility to create clusters for manufacturing the Dust Shield Leather in various places, like, West Bengal – Kolkata, Tamilnadu – Chennai, Ambur, Ranipet etc., Uttar Pradesh – Agra, Kanpur; Punjab – Jalandhar, Andhra Pradesh – Hyderabad etc.

**5. Probable areas or districts where the products manufacturing or project can be established:** Kolkata Leather Complex, Bantala near East Kolkata; Kanpur & Agra at UP and Chrompet at Chennai and many other places already having potential leather making resources throughout the country.

**6. No. of industries registered as MSME is available in the manufacturing of the products:** Not Available

7. **No. of industries available in large scale industries:** There are few large scale leather processing units in India like, Tata International, Dewas, MP. The exact information in this regard is yet to be received.

8. **Data about the imports of the this products for the past three years:** Director General of Commercial Intelligence and Statistics (DGCIS) has provided the data for Import and Export Data for 358 items reserved under Public Procurement Policy (PPP) for MSEs, from these data of dust shield is:

	2017-18	2018-19	2019-20
Dust Shield leather (Value in Rs. Crores)	139.264122	136.189706	122.615214

9. **Data available for the exports well against this product for the past two years:** Director General of Commercial Intelligence and Statistics (DGCIS) has provided the data for Import and Export Data for 358 items reserved under Public Procurement Policy (PPP) for MSEs, from these data of dust shield is:

	2017-18	2018-19	2019-20
Dust Shield leather (Value in Rs. Crores)	408.902919	299.78584	Not Available

10. **Scope for the number of units number of years can be established further:**

There always exists the scope for setting up new units for producing the Dust Shield Leather, subject to increase in the demand for this product. Since India is already rich in the natural resource with the largest cattle population in the world and with a huge pool of technical expertise available in the country, it is expected that entrepreneurs in large number would be setting up their units in an expected 5 years time.

11. **The demand in the domestic market:** Exact information about the demand for the Dust Field leather in the domestic market in India is not available. The product has a lot of both industrial and domestic uses. Since this is one of the 358 reserved items for procurement from the MSMEs, there exists a huge demand in the domestic market in India for procurement by the CPSEs, Central Govt. Deptts. and organizations.

## 12. Demand of the export market:

- There exists a High growth potential for exports. The export demand for the Dust Shield Leather can be understood from the existing demand for the Indian Leather & Leather Products in the overseas market.
- The Indian Leather, Leather Products and Footwear Industry hold a prominent place in the Indian economy. This sector is known for its consistency in high export earnings and it is among the top ten foreign exchange earners for the Country.
- The export of Finished leather, footwear and leather products from India was to the tune of US \$ 5.07 billion during 2019-2020.

### **INDIA'S EXPORT OF LEATHER & LEATHER PRODUCTS 2018-19 vis-a-vis 2019-20**

CATEGORY	APR – MAR	APR – MAR	% VARIATION	% Share
	2018-2019	2019-2020		
FINISHED LEATHER	721.76	524.15	-27.38%	10.34%
LEATHER FOOTWEAR	2195.54	2081.64	-5.19%	41.05%
FOOTWEAR COMPONENTS	319.10	261.67	-18.00%	5.16%
LEATHER GARMENTS	468.43	429.11	-8.39%	8.46%
LEATHER GOODS	1434.27	1340.56	-6.53%	26.44%
SADDLERY AND HARNESS	159.35	151.44	-4.96%	2.99%
NON-LEATHER FOOTWEAR	392.65	281.97	-28.19%	5.56%
TOTAL	5691.09	5070.55	-10.90%	100.00%
Source : DGCI & S	Value in US\$ Mn			

### **Major Markets:**

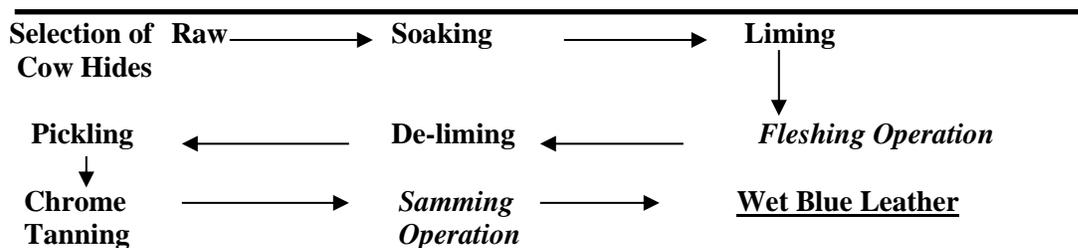
- The major markets for Indian Leather & Leather Products are USA with a share of 17.22%, Germany 11.98%, U.K 10.43%, Italy 6.33%, France 5.94%, Spain 5.01%, Netherlands 3.52%, U.A.E 3.35%, China 2.61%, Hong Kong 2.15%, Belgium 2.21% and Poland 2.11%.
- The Top 12 countries together accounts for nearly 72.86% of India's total leather & leather products export.
- Export of Leather & Leather Products to major markets like USA, Spain etc have shown positive growth and markets like Germany, UK, Italy, France, Netherlands, Hong Kong, China etc have shown negative growth during Apr–Mar 2019-20.
- European Union accounts for 54.71% of India's total export of leather and leather products.

## Technical Details

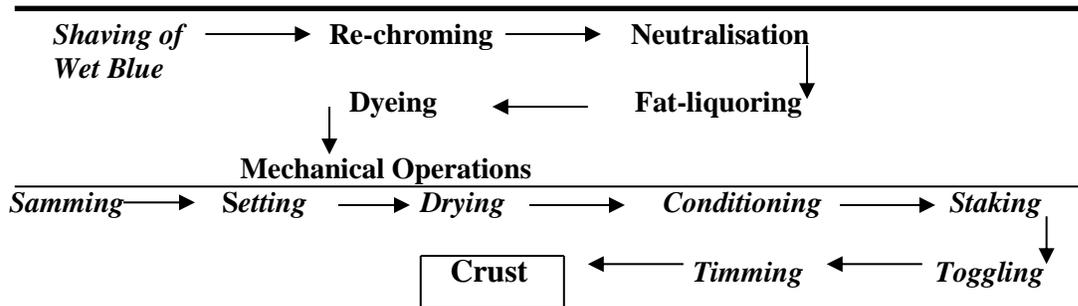
- Sector in which the product is falling:                      Leather Sector
- End User of the products/ Sectors:  
Shoe Uppers, Hand Gloves, Angle Grinder Dust Cover, Computer cover, Laptop Cover/bag, Key Board Cover, Printer Cover, I-pad Cover, Upholstery Leather for Sofa Covers, Car Seat Cover, Dust Jacket, Face Mask, Book Cover, Book Jackets, Cover for Air Purifier, Hand Brake Cover etc.
- Governing Indian Specification:                                      Data not Available
- Governing International Specification:                                      Data not Available
- Flow Process chart of the Manufacturing:

### Process Flow Chart for Dust Shield Leather

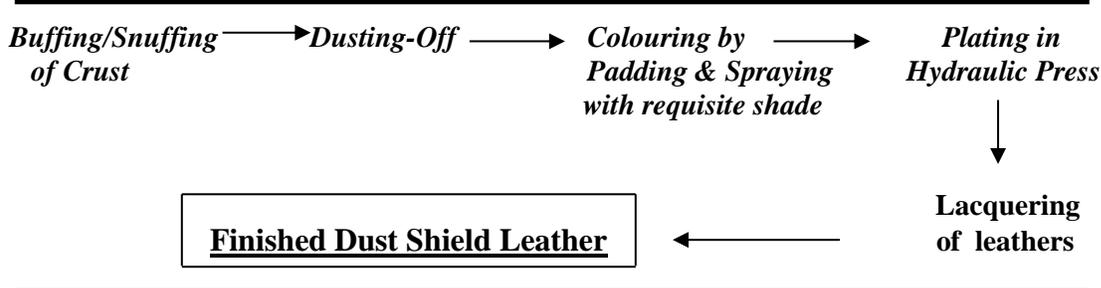
#### A) Raw To Wet Blue Process Flow:



#### B) Wet Blue To Crust Process Flow:



#### C) Crust to Finishing Process Flow:



- Qualitative parameters of the product:
  - ❖ Flexibility, can stretch in any direction
  - ❖ Easily formed into any shape
  - ❖ Durability, self-healing from small abrasions and cuts.
  - ❖ Resists cycles of wetting and drying
  - ❖ It is also desirable that the Dust Shield Leather should have the capacity to absorb grit and other particles, thereby protecting itself and limiting the movement of abrasive particles into the machinery it is protecting.\*\*\*
  
- Details of the product Licenses to obtained: Due to non-availability of Indian Standard Specification, the product certifications/licenses is not applicable in this case.
  
- Equipment required for the manufacturing of the product: Described in the Project Report
  
- Test facilities required for the product:
  - ❖ Abrasive Resistance,
  - ❖ Flexibility Test,
  - ❖ Color fastness,
  - ❖ Dry and wet rub fastness Test,
  - ❖ Tensile Strength
  - ❖ Water Vapour Permeability test
  - ❖ Dynamic Water Profaneness Tester
  - ❖ Resistance to Abrasion Test
  - ❖ Folding Tester etc.
  
- The technology existing the manufacturing of the product:  
 The Tanning technology for processing of the Raw Hides & Skins in to Finished Leather is applicable for manufacturing the Dust Shield Leather. The Tanning technology is available indigenously within the country. Availability of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries are the strengths of the leather sector in India.
  
- Suggested modern technology for implementation or available in the market:  
Suggestion for modern technology:
  - Technology for automation in the tannery operations, etc.
  
- Raw Material required and availability:

- Basic Raw Materials: The basic Raw Materials required for producing the Dust Shield Leather is Raw Hides and Skins. For the purpose of the Project Report, the Raw Cow Hide has been considered. There is no dearth of Hides and Skins in our country. The industry is bestowed with an affluence of raw materials as India is endowed with 20% of world cattle & buffalo and 11% of world goat & sheep population. So, the Raw Hides and Skins are available locally.
- Chemicals & Auxiliaries:  
Out of the various chemical and auxiliaries required for Tanning and finishing of the finished leathers in the Tannery, the main items are as under:
  - Lime;
  - Sodium Sulphide;
  - Ammonium Chloride
  - Sodium Chloride,
  - Sulphuri Acid
  - Basic Chrome Sulphate (BCS)
  - Sodi-Bi-Carb
  - Sodium Formate
  - Synthetic Tanning Agent/Syntans
  - Vegetable Oil
  - Synthetic Oil
  - Raw Oil
  - Dye
  - Formic Acid
  - Acetic Acid
  - Pigment, Binders, Lacquer etc.

The above chemical and auxiliaries are also available in the local market from the leather chemical distributors and suppliers.

- Covering Raw Material standards Indian/International standers:  
Not available.

**DPR on Dust Shield Leather**

**PROJECT AT A GLANCE**

1.	<b>NAME OF THE PROJECT</b>	Detail Project Report on Manufacturing of Dust Shield Leather	
2.	<b>LOCATION OF THE PROPOSED PROJECT</b>	Kolkata Leather Complex, Bantala Dist. – 24-Parganas (South) West Bengal	
3.	<b>STATUS OF THE PROPOSED UNIT</b>	Assumed to be MSME	
4.	<b>PROMOTER'S CAPITAL</b>	Rs. 86.62 Lakhs	
5.	<b>ACTIVITY</b>	Manufacturing of Dust Shield Leathers	
6.	<b>INSTALLED CAPACITY</b>	200 pieces of Cow Hides processing per day (Av. Area of each cow hide has been taken to be 20 sq.ft.)	
7.	<b>CAPACITY UTILIZATION</b>	1 <sup>st</sup> Year - 60%                      2 <sup>nd</sup> Year - 70% 3 <sup>rd</sup> Year and onwards - 80%	
8.	<b>NO. OF OPERATING SHIFTS</b>	2 Shifts (8 Hrs Per Shift)	
9.	<b>NO. OF WORKING DAYS</b>	300 Days	
10.	<b>PRODUCTS MIX</b>	Dust Shield Leathers	
11.	<b>AREA OF FACTORY LAND</b>	1250 Sq. Metre	
12.	<b>PROJECT COST &amp; MEANS OF FINANCE</b>	<b>Particulars</b>	
		<b>Amount</b>	
		<b>(Rs. in lakhs)</b>	
		<b>Cost of The Project</b>	<b>486.62</b>
		<b>MEANS OF FINANCE</b>	
		• Promoters' Contribution	86.62
		• Term Loan from Bank	400.00
<b>Total</b>		<b>486.62</b>	
	Working Capital Loan at the Beginning	85.44	
	<b>Total Capital Investment</b>	<b>572.06</b>	
13.	<b>PROJECT IMPLEMENTATION PERIOD</b>	Six Months	
14.	<b>PERSONNEL:</b>		
15.	☆ <i>Employment</i>	<b>48 Nos. Of Persons</b>	
	➤ <i>Administrative and other works</i>	<i>10 Nos. Of Persons</i>	
	➤ <i>Technical</i>		
	Skilled Machine Operator	<i>16 Nos. Of Persons</i>	
	Semi-Skilled workers	<i>14 Nos. Of Persons</i>	
	Unskilled	<i>8 Nos. Of Persons</i>	
16.	<b>MARKET OUTLOOK</b>	<ul style="list-style-type: none"> <li>◆ Domestic Marketing to the local market throughout the country and to become a market leader in the field;</li> <li>◆ Export marketing</li> </ul>	

17.	<b>BANK RATE OF INTEREST</b>	<b>11%</b>
18.	<b>PROFITABILITY RATIO (%)</b> (Six year Average)	• <i>Profit Before Tax to Sales Ratio</i> = <b>11.56%</b>
		• <i>Profit After Tax to Sales Ratio</i> = <b>8.03%</b>
19.	<b>BREAK EVEN POINT (BEP)</b> (Six year Average)	<b>44%</b>
20.	<b>RETURN ON CAPITAL EMPLOYED (%)</b>	<b>26.55%</b> (Six - year Average)
21.	<b>DEBT SERVICE COVERAGE RATIO</b> (D.S.C.R)	<b>1.51</b> (Six - year Average)
22.	<b>Current Ratio</b>	<b>2.02 : 1</b>
	<b>Pay-Back Period</b>	<b>5 Years (Approx.)</b>

**DPR on Dust Shield Leather**

## **Basis & Presumptions For Preparation Of The Project Report**

1. This Project Report on Tannery for manufacturing the Dust Shield Leather is prepared for Six Years. The unit would work on Double shift basis for 25 days in a month and 300 days per Annum. The project is proposed to be located at Kolkata.
2. The proposed tannery unit to be set up at the Calcutta Leather Complex (CLC) at Bantala, would have the Installed Production Capacity (100% Capacity Utilization) to produce 200 pieces of Dust Shield Leather per day. It is envisaged that the above Finished Leathers would be produced from the raw Cow Hides. The Average Area of each piece of Cow Leather is taken as 20 sq. ft.
3. The year wise envisaged Capacity Utilization is considered to be 60% in 1<sup>st</sup> Year, 70% in 2<sup>nd</sup> Year, 80% in 3<sup>rd</sup> Year and onwards.
4. The Product Mix & Services and Unit Selling Prices: -
  - Product Mix: Finished leather - specially Dust Shield Leathers;
  - Selling Price: The selling price would vary from Rs. 90/- to Rs. 100/- per sq.ft. depending upon the quality of the Dust Field Leather and also market demand. For the purpose of this project, the price has been considered as Rs. 95/- per sq.ft. of Dust Field Leather
5. Cost of the Project
  - Partners' (Promoters') Contribution : Rs. 86.22
  - Term Loan : Rs. 400.00

The Term Loan would be utilized to finance the cost of various capital assets for the project including the Preliminary & Pre-operative expenses.

The Term Loan will be repaid in six years with Six Months moratorium at the beginning. The Rate of Interest on Term loan is considered as 11.00%.
6. The proposed unit would also avail the Working Capital Loan of Rs. 84.24 lakhs from the bank in the beginning of the project and thereafter the required working capital loan in subsequent years as per the projected working capital statement in the Project Report. The Rate of Interest for the Working Capital Loan is also taken as 11.00%. (Annexure – III)
7. The Assessment of Working Capital has been made on the basis of the following presumptions given below: -

Holding of Stock of

Period (in days)



16. The Administrative Expense is estimated on the basis of 1.0% of Factory Cost of Goods Produced.
17. The Selling & Distribution expense is estimated on the basis of 1.0% of the Cost of Goods Sold.
18. The Other Mfg. Expenses is estimated on the basis of 1.0% of the total Cost of Raw Materials and Consumable Stores.
19. The Repair and the Maintenance cost is estimated on the basis of 1.0% on Gross Block of Fixed Assets (Excluding the cost of land)
20. Insurance is estimated on the basis of 0.5% on Gross Block of Fixed Assets (Excluding the cost of land).
21. Assumptions for Price Escalation:
  - i) *The Price Escalation on all Non-Firm costs i.e Capital Assets has been considered @ 1% as the provision for contingencies;*
  - ii) *The Price escalation for Raw Material, Consumable Stores has been assumed to be @ 2%;*
  - iii) *Increase in Salary & Wage Rate has been assumed to be @ 2%;*
  - iv) *The Price escalation for Power, Fuel & Water would be @ 0.5%;*
  - v) *1% Price escalation for Repair & Maintenance has been assumed;*
  - vi) *The yearly Sales Price Increase is considered to be @ 2%*

## **PROJECT IMPLEMENTATION SCHEDULE**

**It is expected that the Project would be implemented within 8 to 12 months. The Tentative break- up of the project implementation schedule is given below:**

<b>Schedule of Activities:</b>	<b>Months</b>
1) Selection of the Site Location, Land acquisition, Land Development, Selection of Machinery etc.	2 to 3
2) Preparation of the DPR, Negotiating with the Financial Institutions/Bank for arrangement of Loan, Market Development etc.	2 to 3
3) Construction of Factory Shed and Building, Arrangement of Manpower, Market Development etc.	2 to 3
4) Installation and commissioning of all the Plant & Machinery	1 to 2
5) Trial Run operation before Start of Commercial Production	1
<b>TOTAL</b>	<b>8 to 12</b>

**DPR on Dust Shield Leather**

**COST OF THE PROJECT & TOTAL CAPITAL INVESTMENT**

**COST OF THE PROJECT: -**

The **Cost of The Project** for the proposed unit has been estimated as follows:

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount (Rs. in lakhs)</b>
1.	Cost of Land	38.00
2.	Factory Shed, Office Building & Other Civil Construction	162.00
3.	Machinery & Equipments and Misc. Fixed Assets	248.65
4.	Preliminary & Pre-operative Expenses	5.00
5.	Provision for contingencies @ 1% on Non-Firm costs	4.49
6.	<b>Investment in Fixed Capital</b>	<b>458.14</b>
7.	Margin Money for Working Capital (25%) in the beginning	28.48
8.	<b>Cost of The Project</b>	<b>486.62</b>

**MEANS OF FINANCING THE COST OF THE PROJECT: -**

- It is assumed that the Cost of the Project of the proposed unit would be financed in the following manner:

	<b><u>(Rs. in lakhs)</u></b>
• Promoters' Contribution	86.62
• Term Loan from Bank	400.00
	<hr/>
<b>Cost of the Project</b>	<b>486.62</b>
	<hr/>

- **TOTAL CAPITAL INVESTMENT AT THE BEGINING: -**

	<b><u>(Rs. in lakhs)</u></b>
Cost of the Project	486.62
Working Capital Loan at the Start of the Project (Please refer Annexure – III)	85.44
	<hr/>
<b>Total Capital Investment</b>	<b>572.06</b>
	<hr/>

**DPR on Dust Shield Leather**

**DETAILS OF FIXED CAPITAL**

I. **Cost of Land:** **Rs. 38.00 Lakh**

**Total Land Area – 1250 Sq.meter @ Rs. 2900/- per sq.mt.**

**(Total Land Area in sq.ft. = 12912 sq.ft.)**

(The Cost of Land is including of the charges for Stamp Duty, Registration & other Incidental Expenses for Purchase of the Land at the Calcutta Leather Complex at Karaidanga (Bantala), Dist. - South 24 - Parganas)

**So, Total Cost of Land = Rs. 38.00 Lakh**

It is assumed that 70% of the land will be utilized for construction of the Factory Shed, Office Building & Other Civil Construction

II. **Factory Shed, Office Building & Other Civil Construction: -**  
**Amount (Rs.)**

**Factory Shed & Office Building - 9000 sq.ft ( G + 1 )**

<u>Gr. Floor</u> - 9000 sq.ft. @ Rs. 1000.00	Rs. 90,00,000/-	
<u>1<sup>st</sup> Floor</u> - 9000 sq.ft. @ Rs. 800.00	<u>Rs. 72,00,000/-</u>	<u>1,62,00,000</u>
	<b>Total</b>	<b><u>1,62,00,000</u></b>

**Total Cost of the Buildings = Rs. 162.00 Lakh**

**So, Total Cost of Land & Buildings = Rs. 200.00 Lakh**

**(Rs. 38.00 Lakh + Rs. 162.00 Lakh = Rs. 200.00 Lakh)**

III) **Machinery & Equipment, Misc. Fixed assets: -**

Sl. No.	Description of Plant & Machinery	Qty. (No.)	Cost Per Unit	Amount (Rs.)
(A)	<b><u>Tannery Machinery: -</u></b>			

1.	<p>8' (ft) Size Tanning Paddle made by Sal wood and heavy duty ironing parts: 1pc. Shaft 3" Dia, Length 10' (ft), 3pcs. Cross, 1pc. - 27" Big pinion 3" thickness, 1pc. - 4" face small pinion, 1pc. - 36" Flat Pulley, 2pcs. - 3" bush (GM) block, 2 pcs. -2" GM Bush Block for counter, 2pcs. - 2" Collar, 2pcs. - 3" collar, With nuts, Washer with motor, starter, belts &amp; foundation nuts and bolts.</p> <p><b>Each @ Rs. 2, 50,000/-</b> - Rs. 2,50,000/- <b>Total</b></p> <p><b>Extra:</b></p> <p>1pc. 7 ½ HP 960 RPM Main Motor - Rs. 27,000/-  1pc. 4" Sec – C Pully For motor - Rs. 3,000/-  2pcs. 24" Rail for motor - Rs. 4,000/-  1pc. 7 ½ HP star delta Starter for motor - Rs. 22,000/-  3pcs. Belt for drum - <u>Rs. 3,500/-</u> <b>Rs. 3,09,500/-</b></p> <p>❖ (Capacity of each Paddle taken as 100 pieces of Cow Hides of Av. size of 20 sq.ft on an average.)</p>	4	309000	1236000
2.	<p>8'x 8' ft. Size Tanning Drum made by Sal wood (Cross, Khuti &amp; Block) (2" Chalu) heavy duty Ironing parts: 1pc. 8' - 4' big pinion , 6pcs, Tic Rod( 20mm Thick), 2 pcs. 6" heavy duty Ironing Cross, With Bearing Counter Set, 1 pc. Flat pulley 36" Sec- C, Group-3, 1pc. 17 teeth 4" face small pinion, with bolts, nuts, washers without motor, starter, belt and foundation nuts bolts.</p> <p><b>Each Rs. 4, 90,800/-</b> Rs. 4, 90,800/- <b>Total</b></p> <p><b>Extra:</b></p> <p>1 pc. 7 ½ HP 960RPM Main Motor Rs. 27,000/-  1 pc. 4" Sec – C Pully For motor Rs. 3,000/-  2 pcs. 24" Rail for motor Rs. 4,000/-  1 pc. 7 ½ HP star delta Starter for motor Rs. 22,000/-  3 pcs. Belt for drum <u>Rs. 3,500/-</u> <b>Rs. 5,50,300/-</b></p> <p>❖ (Capacity of each Drum taken as around 100 pieces of Cow Hides of Av. size of 20 sq.ft on an average.)</p>	4	550300	2201200
3.	<p>8'x 8' ft. Size Tanning Drum (for Wet Blue) made by Sal wood (Cross, Khuti &amp; Block) (2" Chalu) heavy duty Ironing parts: 1pc. 7' - 4' big pinion , 4 pcs, Tic Rod( 20mm Thick),.2 pcs.6" heavy duty Ironing Cross, With Bearing Counter Set, 1pcs Flat pulley 36" Sec- C, Group-3, 1pc. 15 teeth 4" face small pinion, with bolts, nuts, washers without motor, starter, belt and foundation nuts bolts.</p> <p><b>Each Rs. 4, 90,800/-</b> Rs. 4, 90,800/- <b>Total</b></p> <p><b>Extra:</b></p> <p>1 pc. 7 ½ HP 960RPM Main Motor Rs. 27,000/-  1 pc. 4" Sec – C Pully For motor Rs. 3,000/-  2 pcs. 24" Rail for motor Rs. 4,000/-  1 pc. 7 ½ HP star delta Starter for motor Rs. 22,000/-  3 pcs. Belt for drum <u>Rs. 3,500/-</u> <b>Rs. 5,50,300/-</b></p> <p>❖ (Capacity of each Drum taken as around 100 pieces of Wet Blue of Av. size of 20 sq.ft on an average.)</p>	4	550300	2201200
4.	<p>Fleshing Machine (Turner Type) - 8' (ft) Size working width special quality, Heavy Duty, Solid Body, 1pc. Rubber Roller (8" dia), 1pc. Steel Grove Roller (8" dia), 1pc. Knives Cylinder (7" dia), with 9"5/8, Mangle Gear, 2pcs. 22315K bearing (FAG Brand New), 1pc. Moving Clutch Set, all bushes are Flanch (GM), 1pc. Bronch Clutch, 3"thickness small Pinion, all shafting 3" finished, With 1 pc. 5 No. Gear Box (20:1 Ratio) &amp; Motor(7.5 HP, 1440 RPM), Without main motor, belts, foundation, nuts &amp; bolts.</p> <p><b>Each @ Rs. 7, 00,000/-</b> Rs. 7, 00,000/- <b>Total</b></p> <p><b>Extra:</b></p> <p>1 pc. 30 HP 1440 RPM Main Motor. Rs. 95,285/-  1 pc. 4" Sec – C Pully For motor. Rs. 4,000/-  2 pcs. 24" Rail for motor. Rs. 4,000/-  1 pc. 35 HP star delta Starter for motor Rs. 67,000/-  4 pcs. Belt for drum <u>Rs. 4,500/-</u> <b>Rs. 8,74,785/-</b></p>	2	874785	1749570
5.	<p>8' (ft.) Size Samming machine 2pcs C.I. Stand and 2pcs M.S. Body, model spring Pressure type (new model) with two Roller, conveyer Felt, safety Guard, limit switch, heavy duty 8pcs Gear pinion, both side spring pressure wheel, 4pcs bush block(Bronch),1pc. Gear box and panel Board with motor(10HP 960 RPM) 1pc. Wooden cover, full complete. Without Foundation Nuts &amp; Bolts.</p> <p><b>Each @ Rs. 6, 00,000/-</b> Rs. 6, 00,000/- <b>Total</b></p>	1	665000	665000

	<b>Extra:</b> 1pc. 10HP 960RPM Main Motor. Rs. 32,000/- 1 pc. 4" Sec – C Pulley For motor Rs. 3,000/- 2 pcs. 24" Rail for motor Rs. 4,000/- 1 pc. 10 HP star delta Starter for motor Rs. 23,000/- 3 pcs. Belt for Paddle Rs. 3,500/- <b>Rs. 6,65,000/-</b>			
7.	Shaving machine (New) 300 MM Size working width with loading charge, without main motor, Starter & Foundation Nuts & Bolts . <b>Each @ Rs. 2,55,000/-</b> Rs. 2,55,000/- <b>Total</b> <b>Extra:</b> 1 pc. 10HP 960RPM Main Motor Rs. 32,000/- 1 pc. 4" Sec – C Pulley For motor Rs. 3,000/- 2 pcs. 24" Rail for motor Rs. 4,000/- 1 pc. 10 HP star delta Starter for motor Rs. 23,000/- 3 pcs. Belt for Paddle Rs. 3,500/- <b>Rs. 3,20,500/-</b>	2	320500	641000
8.	Setting Machine (reversible) - 8' (ft) size Heavy Duty, Solid Body (Double Gear box type) with 1 pc. Ebonite roller (7½" Dia), 1pc. Knives cylinder (6" Dia), 1pc. Main Rubber roller (7½"Dia), 1 pc. Auxil roller (5" Dia) with 1pcs.5 no. Gear box (25:1 Ratio), 2pcs Bearing (22315K), Reverses motor (7.5 H.P. 960RPM), 1pcs.5 no. Gear box (20:1 Ratio), 1pc. Lifting Motor (7.5H.P.1440R.P.M), Foot Switch and panel board, Without Main Motor, Starter, Belt, Foundation, Nuts and Bolts. <b>Each @ Rs. 7, 50,000/-</b> Rs. 7, 50,000/- <b>Total</b> <b>Extra:</b> 1 pc. 30 HP 1440RPM Main Motor Rs. 95,285/- 1 pc. 4" Sec – C Pulley For motor Rs. 4,000/- 2 pcs. 24" Rail for motor Rs. 4,000/- 1 pc. 35 HP star delta Starter for motor Rs. 67,000/- 4 pcs. Belt for drum Rs. 4,500/- <b>Rs. 9,24,785/-</b>	1	924785	924785
9.	Staking Machine (self-type) special quality full complete with Counter set without Main motor, belts, foundation nuts, and bolts. <b>Each @ Rs.2, 25,000/-</b> Rs. 2, 25,000/- <b>Total</b> <b>Extra:</b> 1 pc. 7 ½ HP 960RPM Main Motor Rs. 27,000/- 1 pc. 4" Sec – C Pulley For motor Rs. 3,000/- 2 pcs. 24" Rail for motor Rs. 4,000/- 1 pc. 7 ½ HP star delta Starter for motor Rs. 22,000/- 3 pcs. Belt for drum Rs. 3,500/- <b>Rs. 2,84,500/-</b>	2	284500	569000
10.	Oscillating Buffing Machine - 600 mm Size bush type heavy duty Rubber Roller Chain System, V- Belt type complete, without Motor, starter, belt, foundation ,Nuts and Bolts <b>Each @ Rs.2,95,000/-</b> Rs. 2,95,000/- <b>Total</b> <b>Extra:</b> 1 pc. 7 ½ HP 1440RPM Main Motor Rs. 27,000/- 1 pc. 4" Sec – C Pulley For motor Rs. 4,000/- 2 pcs. 24" Rail for motor Rs. 4,000/- 1 pc. 7 ½ HP star delta Starter for motor Rs. 22,000/- 3 pcs. Belt for drum Rs. 3,500/- <b>Rs. 3,55,500/-</b>	1	355500	355500
11.	Toggle Dryer - 9' X 10' (ft) size Frame made by M.S. Tube & Insulation body heat proof, Cabinet type with 10 plate's model complete With Air circulation fan and 24 KW watt heater & all accessories. Motor 5HP 1440 RPM	1	580000	580000
12.	Hand Spray Both machine - 10' x 10' Size with 2 pcs motor full, 1 pc. compressor & 3 pcs fan, fabricator Jali complete	2	345000	690000
13.	Auto Spray - (3000 mm) - with Conveyor, Blowers, Guns 12 H.P motor, starter & other accessories. Rotation, complete with Pneumatic Safety Devices and Heating Arrangement, 20 H.P motor, starter etc.	1	2400000	2400000
14.	Hydraulic Press – Capacity 600 M.T, Working Width - 56"x27" complete with heating arrangement with 20 H.P motor, starter etc. & 18 KW Heater and Embossing Plates.	1	2100000	2100000
15.	Measuring Machine – with 1 H.P Motor & Starter complete set	1	500000	500000
				<b>#Total</b>
				<b>16813255</b>
				<b>Add: 18% GST</b>
				<b>16813255</b>
				<b>Cost of Machinery</b>
				<b>3026386</b>

	Cost of Electrification & Installation @ 10% on Total above # (Rounded)	--	----	170000
	<b>Total Cost of Machinery (A)</b>			<b>21539641</b>
<b>(B)</b>	<b>Misc. Fixed Assets: -</b>	<b>Qty. (No.)</b>	<b>Cost Per Unit</b>	<b>Amount (Rs.)</b>
1.	<b>Effluent Pre-treatment Plant</b>	1	L.S	1000000
2.	<b>Misc. Tools/Equipment for Tannery:</b>	L.S	L.S	300000
	i) Wooden Horses and Working Table			1,00,000/-
	ii) Wooden Carts/ Trolleys & Material Handling Equipment			50,000/-
	iii) Experimental Drums, Laboratory Testing Equipment etc.			<u>1,50,000/-</u>
3.	<b>Machinery &amp; Equipment for Maintenance Workshop:</b>	L.S	L.S	250000
	i) 10 ft. Lathe machine 1 No. 1,00,000/- (3 HP Motor)			
	ii) Double Ended 10” Grinding Machine, 1 HP 1 No. 25,000/-			
	iii) 1” Cap. Drill Machine 1 No. 30,000/- (1 HP Motor)			
	iv) 300 MPR Arc Welding Machine (12 HP Motor) 1 No. 25,000/-			
	v) Gas Welding Machine with necessary accessories 1 No. 20,000/-			
	vi) Misc. Tools & Equipment L.S <u>50,000/-</u> <b>Rs. 2,50,000/-</b>			
4.	Cost of Generator (150 KVA)	L.S	L.S	1000000
5.	Cost of Transformer, General Electrical Lighting with Fittings, Misc. Electrical Accessories etc. (Estimated)	L.S	L.S	500000
	<b>Total (B)</b>			<b>3050000</b>

**Machinery & Equipment, Misc. Fixed assets (A + B) = Rs. (215.40 + 30.50) = Rs. 245.90**

**Machinery & Equipment, Furniture & Fixture and Misc. Fixed assets:**

(C)	Furniture & Fixture	Qty. (No.)	Cost Per Unit	Amount (Rs.)
1.	Furniture & Fixture (Table, Chairs, Almirah etc.)	L.S	L.S	125000
2.	Computers & Laptop, printers etc.	2	L.S	100000
3.	Air Conditioning Machine	1	L.S	50000
4.	<b>Total (C)</b>			<b>275000</b>
	<b>SL.No</b>			<b>Amount (Rs.)</b>
1.	Machinery & Equipment	<b>Total (A)</b>		21539641
2.	Misc. Fixed assets	<b>Total (B)</b>		3050000
3.	Furniture & Fixture	<b>Total (C)</b>		275000
		<b>Total (III)</b>		<b>24864641</b>

**So, Total Cost of Machinery & Equipment, Furniture & Fixture and Misc. Fixed assets**

**= Rs. 248.65 Lakh**

**III) Estimated Preliminary and Pre-Operative Expenses:**

Misc. Preliminary and Pre-Operative Expenses like Cost towards the Development of Factory premises, Legal Expenses, Consultancy Fee, Expenses towards Publicity, Advertisement, Market Development, Traveling, Conveyance, Salary & Wages during Construction, Printing & Stationery, Insurance & Trial Run Expenses is estimated to be **Rs. 5.00 Lakh** in Lump Sum (L.S).

**Tentative Break-up of Misc. Preliminary and Pre-Operative Expenses is as under:**

<b>S.No.</b>	<b>Particulars of Expenses</b>	<b>Amount (Rs. In Lakh)</b>
1)	Cost of Development of Factory premises, Pre-operative Salary & Wages	1.00
2)	Market Development, Traveling, Conveyance, Insurance	1.50
3)	Publicity, Advertisement, Printing & Stationery etc.	1.00
4)	Legal Expenses and Consultancy Fee and Trial Run Expenses	1.50
	<b>Total</b>	<b>5.00</b>

**Preliminary and Pre-Operative Expenses = Rs. 5.00 Lakh**

**DPR on Dust Shield Leather**

## Estimation of the Projected Operating Costs

### 1) Cost of Raw Materials Per Month (At 100% Capacity Utilization): -

Sl. No.	Particulars	Quantity	Average Rate	Amount (Rs)
A)	<b>Raw Cow Hides:</b> 200 pcs. x 25 days = <b>5000 pcs.</b> of Cow hides with an Avg. area of 20 sq.ft per piece	Total Area of Raw Cow Hides = 200 pcs. x 25 Days x 20 sq.ft. (Av.) = <b>1,00,000 Lakh sq.ft</b>	@ Rs.30/- per sq.ft. (Av.)	4200000
B)	<b>Process Chemicals:</b> Chemical Costs for <b>Processing of Raw Cow Hide (5000 pcs.) into Finished Dust Shield Leather</b>	Chemicals for processing of 100000 sq.ft. of Raw Cow Hide into Finished Dust Shield Leather (L.S)	@ Rs.25/- per sq.ft. (Av.)	2500000
			<b>TOTAL</b>	<b>6700000</b>

Estimated Cost of Raw Materials required per month = **Rs. 67.00 Lakh**

Hence, the estimated Cost of Raw Materials required per Annum at 100% Capacity Utilisation = **Rs. 67.00 Lakh x 12 Months = Rs. 804.00 Lakh**

### Cost of Raw Materials Consumed per Annum (At various Capacity Utilizations):

*(Rs. In Lakh)*

Particulars	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%	Total
Purchase of Raw Materials	482.40	574.06	669.19	682.57	696.22	710.14	<b>3814.58</b>
Add: Opening Stock	0.00	48.24	57.41	66.92	68.26	69.62	<b>310.44</b>
Less: Closing Stock	48.24	57.41	66.92	68.26	69.62	71.01	<b>381.46</b>
<b>Raw Material consumed per Annum</b>	<b>434.16</b>	<b>564.89</b>	<b>659.68</b>	<b>681.23</b>	<b>694.86</b>	<b>708.75</b>	<b>3743.57</b>

#### Note:

- The price escalation for Raw Materials is assumed to be @ 2%; and
- The Cost of Raw material is inclusive of 12% GST.

### 2) Cost of Personnel (Salary & Wages) Per Month

#### I. Administrative Salaries (Treated as Fixed Cost): -

S.No	Particulars	Nos.	Rate	Amount (Rs)
1)	Factory Manager	1	30,000	30000
2)	Technician (Leather Technologist)	1	15,000	15000
3)	Supervisors	1	10,000	10000
4)	Office Clerk- cum - Accountants	2	8,000	16000
5)	Store Keeper- cum - Clerk	1	8,000	8000
6)	Watchman- cum - Security	3	7,000	21000
7)	Sweeper	1	6,000	6000
				106000
	Add: Perquisites @ 20%			21200
	<b>Total Salary per Month</b>	<b>10 No.</b>		<b>127200</b>

Hence, Salary per Annum = Rs. 127000/- x 12 = Rs. 15.24 Lakh

**II) Wages for Workers (At 100% Cap.Utilization): (Treated as Variable Cost)**

Sl. No	Particulars of The Tannery Workers	Nos.	Rate (Rs)	Amount (Rs)
1)	Skilled workers	16	15,000	240000
2)	Semi-skilled workers	14	10,000	140000
3)	Unskilled	8	7,500	60000
				440000
	Add: Perquisites @20%			88000
	<b>Total Wages per Month</b>	<b>38 Nos.</b>		<b>528000</b>

Hence, Wages per Annum (12 Months x Rs. 528000/-) = Rs. 63.36 Lakh

**So, the Estimation of the Cost of Personnel is shown below: -**

(Rs. In Lakh)

Cost of Personnel Per Annum	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%	Total
1) Annual Salaries (Fixed)	15.24	15.54	15.86	16.17	16.50	16.83	<b>96.14</b>
2) Annual Wages (Variable)	38.02	45.24	52.74	53.79	54.87	55.96	<b>300.62</b>
<b>TOTAL</b>	<b>53.26</b>	<b>60.78</b>	<b>68.60</b>	<b>69.96</b>	<b>71.37</b>	<b>72.79</b>	<b>396.76</b>

**Note:** - The Salary & Wage Rate is assumed to increase by 2% every year.

**(3) Cost of Consumable Stores:**

Various Consumable Stores, such as, shaving knives, consumable Machinery Spares like nuts, bolts etc., Saw Dusts, Cotton Wastes, Abrasives like Emery Papers, V- Belts, Plastic Sheets, Grease, Mobil Oil, Disinfectants etc. are used while processing the leathers in the tannery. These Consumable Stores are **Recurring Indirect Materials**. So, the cost of the Consumable Stores is treated as Indirect Material Cost and hence treated as a **Variable Cost**. The cost of Consumable Stores on an average is estimated to be **1.0 % on the Raw Material Cost**.

**Estimation of the Cost of Consumable Stores per Annum:**

(Rs. In Lakh)

Consumable Stores	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%	Total
Raw Material consumed per Annum	434.16	564.89	659.68	681.23	694.86	708.75	3743.57
Consumable Stores @ 1.0% on above	4.34	5.65	6.60	6.81	6.95	7.09	37.44
Total	438.50	570.54	666.28	688.04	701.81	715.84	3781.01

(4) **Other Manufacturing Costs (Per Annum):**

The Other Manufacturing Costs has been estimated on the basis of **1.0% of the Total Cost of Raw Materials and Consumable Stores**.

The expenses towards the Charges for Contract Labour Services, Job Work Charges for getting services from outside machines, the General Factory Expenses, Carriage Inwards, Recurring expenses towards the Effluent Pre-treatment /Effluent Treatment to be incurred at the Leather Complex at Kolkata are covered under the Other Manufacturing Costs. The Other Mfg. Costs are treated as **Variable**, since, both the Costs for Raw Materials and Consumable Stores are variable.

**Estimation of Other Manufacturing Costs per Annum:**

(Rs. In Lakh)

Other Mfg. Costs	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%	Total
Cost Raw Materials & Consumable Stores Per Annum	438.50	570.54	666.28	688.04	701.81	715.84	3781.01
Other Mfg. Costs @1% on above	4.39	5.71	6.66	6.88	7.02	7.16	37.81

(5) **Estimation of the Cost of Utilities - like Power, Fuel and Water:**

**Estimation of Total Power Requirement (Load) for the Project:**

<b><u>S. No</u></b>	<b><u>Name of Machinery</u></b>	<b><u>No. of M/c(s). x HP</u></b>	<b><u>Total H.P</u></b>
1)	Paddles	4 x 15 HP	60.00
2)	Drums	8 x 15 HP	120.00
3)	Fleshing Machine	2 x 65 HP	130.00
4)	Samming Machine	1 x 20 H.P	20.00
5)	Shaving machine	2 x 20 HP	40.00
6)	Setting Machine (reversible)	1 X 65 HP	65.00
7)	Staking Machine	2 x 15 HP	30.00
8)	Oscillating Buffing Machine	1 x 15 HP	15.00
9)	Toggle Dryer	1 x 5 HP	5.00
10)	Auto Spray	1 x 20 HP	20.00
11)	Spray Booth	2 x 10 HP	20.00
12)	Hydraulic Press (20 HP Motor & 18 KW heater)	1 x 45 HP	45.00
13)	Measuring Machine	1 x 1 HP	1.00
14)	Water Pumps, Misc. etc.	L.S	20
		<b>TOTAL</b>	<b>591 HP</b>

So, Total Load = (591.00 HP x 0.746) = 440.88 KW

Add: General Lighting (150 points x 60 watts (Avg.)/1000 = 9.00 KW

**Estimated Total Load      449.88 KW**

**Total Estimated Load      = 449.88 KW/0.8 = 551.10 KVA**  
**(Considering the Power Factor to be 0.8)**

**Estimated Running Load (Considered 70% on above) = 385.80 KVA**

So, a **Power Connection** of **386 KVA** is sufficient to meet the above demand for the proposed Tannery operation

**A) Estimation of Cost of Electrical Power:**

**Estimation of Monthly Power Consumption in KWH at 100% Capacity:**

Sl. No.	Details of Machinery	Basis of Evaluation (No. of M/cs. x Av. Hrs. run x H.P x days per month)	Required Power (HP) Per Month
1.	Paddles	4 Nos. x 8 Hrs. x 15 H.P x 25 days	12000
2.	Drums	8 Nos. x 14 Hrs. x 15 H.P x 25 days	42000
3.	Fleshing Machine	2 Nos. x 3 Hrs. x 65 H.P x 25 days	9750
4.	Samming Machine	1 Nos. x 3 Hrs. x 20 H.P x 25 days	1500
5.	Shaving machine	2 Nos. x 4 Hrs x 20.00 H.P x 25 days	4000
6.	Setting Machine	1 No. x 4 Hrs x 65 H.P x 25 days	6500
7.	Staking Machine	2 Nos. x 4 Hrs x 15 H.P x 25 days	3000
8.	Oscillating Buffing Machine	1 No. x 4 Hrs x 15 H.P x 25 days	1500
9.	Toggle Dryer	1 Nos. x 8 Hrs x 5 H.P x 25 days	1000
10.	Auto Spray	1 Nos. x 8 Hrs x 20 H.P x 25 days	4000
11.	Spray Booth	2 No. x 8 Hrs x 10 H.P x 25 days	4000
12.	Hydraulic Press	1 No. x 6 Hrs x 45 H.P x 25 days	6750
13.	Measuring Machine	1 No. x 2 Hrs x 1 H.P x 25 days	50
14.	Water Pumps, Misc. etc.	1 No. x 2 Hrs x 20 H.P x 25 days	1000
Total Estimated H.P Requirement per Month			97050 H.P
<b><u>Estimation of Power Consumption (in Unit = KWH) per Month: -</u></b>			
Estimated Unit Consumption (KWH) per Month in running the Machinery at 100% Capacity Utilization (97050 HP x 0.746)			72399 KWH
<i>Add:</i> Estimated Unit Consumption (KWH) per Month for General Lighting of the Unit – 150 points, 60 watts Average (i.e.: (150 x 60) watts x 12 Hrs (Avg) x 25 days/1000)			2700 KWH
<b>Total Units Consumption in KWH</b>			<b>75099 KWH</b>

**So, the Total Estimated Unit Consumption per Month = 75099 KWH (units)**

**The Electrical Power Cost (Yearwise):**

Capacity utilization	1 <sup>st</sup> Year 60%	2 <sup>nd</sup> Year 70%	3 <sup>rd</sup> Year 80%	4 <sup>th</sup> Year 80%	5 <sup>th</sup> Year 80%	6 <sup>th</sup> Year 80%	Total (Rs. In Lakh)
Units Consd.	45059	52569	60079	60079	60079	60079	
Energy Charges @Rs 8/-per unit (Variable Cost)	3.6	4.21	4.81	4.81	4.81	4.81	27.05
Fixed Demand Charges @Rs. 320/- per KVA per Month (Fixed Cost)	14.82	14.89	14.97	15.04	15.12	15.19	90.03
<b>Electrical Power Cost</b>	<b>18.42</b>	<b>19.10</b>	<b>19.78</b>	<b>19.85</b>	<b>19.93</b>	<b>20.00</b>	<b>117.08</b>

*Note:*

- 1) Fixed Demand Charges is a fixed charge per KVA per annum and hence treated as the Fixed Cost.
- 2) The Electrical Energy Charge is assumed to increase @ 0.5% per annum and is treated as the Variable Cost;

**B) Service Charges for Water and Effluent Treatment Plant**

The Service Charges for Water and Common Effluent Treatment has been estimated @ Rs. 26/- per Sq.Meter of Land per Month

**Total land Area = 1250 sq.meter**

Service Charges for Water & Effluent Treatment Plant = 1250 x Rs. 26/- x 12 M  
= Rs. 390000/- i.e **Rs. 3.90 Lakh** (Fixed Cost)

- C) Fuel cost is estimated to be @ Rs. 10000/- per Month  
So, Annual Fuel Cost = **Rs. 1.20 Lakh (Variable Cost)**

**Cost of Utilities i.e. Power, Fuel and Water (Yearwise): -**

Cost of Power, Fuel & Water (Utilities)	(Rs in Lakh)						Total
	1 <sup>st</sup> Year 60%	2 <sup>nd</sup> Year 70%	3 <sup>rd</sup> Year 80%	4 <sup>th</sup> Year 80%	5 <sup>th</sup> Year 80%	6 <sup>th</sup> Year 80%	
Electrical Power Cost	18.42	19.10	19.78	19.85	19.93	20.00	117.08
Service Charges for Water and Effluent Treatment (F)	3.90	3.92	3.94	3.95	3.97	3.99	23.67
Cost of Fuel (V)	0.72	0.84	0.97	0.97	0.98	0.98	5.46
<b>Total Power, Fuel &amp; Water Cost</b>	<b>23.04</b>	<b>23.86</b>	<b>24.69</b>	<b>24.77</b>	<b>24.88</b>	<b>24.97</b>	<b>146.21</b>
<b>Variable Power, Fuel &amp; Water Cost</b>							
Electricity (V)	3.6	4.21	4.81	4.81	4.81	4.81	27.05
Cost of Fuel (V)	0.72	0.84	0.97	0.97	0.98	0.98	5.46
<b>Power, Fuel &amp; Water (V)</b>	<b>4.32</b>	<b>5.05</b>	<b>5.78</b>	<b>5.78</b>	<b>5.79</b>	<b>5.79</b>	<b>32.51</b>
<b>Fixed Power, Fuel &amp; Water Cost</b>							
Fixed Demand Charge (F)	14.82	14.89	14.97	15.04	15.12	15.19	90.03
Service Charges-Water etc. (F)	3.90	3.92	3.94	3.95	3.97	3.99	23.67
<b>Power, Fuel &amp; Water (F)</b>	<b>18.72</b>	<b>18.81</b>	<b>18.91</b>	<b>18.99</b>	<b>19.09</b>	<b>19.18</b>	<b>113.70</b>

**(Note:** It is assumed that the increase in cost of Power, Fuel & Water would be @0.5%)

**(6) Cost of Repair & Maintenance per Annum:**

The cost for Repair & Maintenance has been estimated @ 1% on Gross Block of Fixed assets (excluding the Cost of land).

<b><u>Gross Block of Fixed Assets (Excluding the Cost of land)</u></b>	<b><u>Amount (Rs. In lakh)</u></b>
1) Factory Shed, Office Building & Other Civil Construction	162.00
2) Cost Machinery, Equipment & Misc. Fixed assets	248.65
3) Contingencies (1%)	<u>4.49</u>
<b>Gross Block of Fixed Assets</b>	<b><u>415.14</u></b>

The Repair & Maintenance Cost per Annum = 1% on Rs. 415.14 Lakh

= **Rs. 4.15 Lakh**

**(Note: The Cost of Repair & Maintenance is assumed to be Semi-Variable.  
Variable Cost Element - 60% and Fixed Cost Element - 40%)**

**Break up of Cost of Repair & Maintenance (at 100% Cap. Utilization): -**

<b><u>Variability Break up</u></b>	
Variable Cost element (60%)	: Rs. 2.49 Lakh
Fixed Cost element (40%)	: <u>Rs. 1.66 Lakh</u>
<b>Total</b>	<b><u>Rs. 4.15 Lakh</u></b>

**Cost of Repair & Maintenance per Annum: -**

**(Rs in Lakh)**

<b>Cost of Repair &amp; Maintenance</b>	<b><u>1<sup>st</sup> Year</u></b> <b>60%</b>	<b><u>2<sup>nd</sup> Year</u></b> <b>70%</b>	<b><u>3<sup>rd</sup> Year</u></b> <b>80%</b>	<b><u>4<sup>th</sup> Year</u></b> <b>80%</b>	<b><u>5<sup>th</sup> Year</u></b> <b>80%</b>	<b><u>6<sup>th</sup> Year</u></b> <b>80%</b>	<b>Total</b>
Variable R & M Cost	1.49	1.76	2.03	2.05	2.07	2.09	<b>11.49</b>
Fixed R & M Cost	1.66	1.67	1.69	1.71	1.73	1.74	<b>10.20</b>
<b>TOTAL</b>	<b>3.15</b>	<b>3.43</b>	<b>3.72</b>	<b>3.76</b>	<b>3.8</b>	<b>3.83</b>	<b>21.69</b>

**Note:** The increase in the Repair & Maintenance cost has been assumed to be @ 1%

**(7) Administrative Expenses (Per Annum):**

The **Administrative Expense per Annum** is estimated **@ 1.0 % of Factory Cost of Goods Produced**. The Administrative Expense is treated as a **Fixed Cost**.

Various office expenses towards Conveyance, Traveling Expenses, Transportation, Legal Expenses, Taxes, Bank Charges, Directors' Remuneration, and many other administrative & office expenses for Postage & Stationery, Telephone, Fax, E-Mail, etc. are considered as part of the Administrative Expenses.

**Estimation of the Administrative Expenses Per Annum: -**

**(Rs. in Lakh)**

<i>Administrative Expenses</i>	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%	Total
<i>Factory Cost of Goods Produced</i>	522.22	656.82	756.86	778.86	793.24	806.9	4314.90
<b>Administrative Expenses/Annum</b> <i>(@ 1.0% of Fac. Cost of Goods Produced)</i>	5.22	6.57	7.57	7.79	7.93	8.07	43.15

**(8) Selling & Distribution Expenses (Per Annum ):**

This Selling & Distribution Expenses for the project has been ascertained on the basis of **1.0% of the Cost of Goods Sold**. Various selling & marketing related expenses of the project, such as, Sales Promotion Expenses, Advertisement, Publicity, Salesmans' commission, Charges for Hiring of the Warehouses etc. are considered as part of Selling & Distribution Expenses. The Selling & Distribution Expense is treated as a **Semi- Variable Cost** and it is assumed that **20% is fixed** and **80% is Variable**. Based on this basis the Annual Selling & Distribution Expenses would be as follows:

**Estimation of the Selling & Distribution Expenses Per Annum: -**

**(Rs. in Lakh)**

<i>Selling &amp; Distribution Expenses</i>	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%	Total
<i>Cost of Goods Sold</i>	517.52	674.20	777.30	803.77	819.01	833.17	4424.98
<b>Selling &amp; Distribution Expenses per Annum</b> (@ 1.0% of Cost of Goods Sold)	5.18	6.74	7.77	8.04	8.19	8.33	44.25
Variable S & D Exp. (70%)	3.63	4.72	5.44	5.63	5.73	5.83	30.98
Fixed S & D Exp. (30%)	1.55	2.02	2.33	2.41	2.46	2.50	13.28
<b>Total</b>	5.18	6.74	7.77	8.04	8.19	8.33	44.25

**(9) Insurance per Annum:**

The Annual Insurance Charge for the proposed Project has been estimated on the basis of 0.5% of the Gross Block of Fixed Assets. The Cost of the Land has not been taken into consideration for assessing the Gross Block of Fixed Assets. The Insurance has been considered as a **Fixed Cost**.

**Gross Block of Fixed Assets = Rs. 415.14 Lakh**

**So, Insurance per Annum (@ 0.5% on Gross Block of Fixed Assets)**

**= Rs. 2.08 Lakh**

**(10) Annual Depreciation:**

**(A) Calculation of Depreciation (On Straight Line Method)**

**(Rs in lakhs)**

Sl. No.	Items	Cost (Rs in lakhs)	Rate (%)	1 <sup>st</sup> Year 60%	2 <sup>nd</sup> Year 70%	3 <sup>rd</sup> Year 80%	4 <sup>th</sup> Year 80%	5 <sup>th</sup> Year 80%	6 <sup>th</sup> Year 80%	Total
i)	Land	38.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
ii)	Buildings & Civil Constructions	163.62	5.00	16.36	16.36	16.36	16.36	16.36	16.36	<b>98.16</b>
iii)	Machinery & Equipments and Misc. Fixed Assets	248.36	10.00	24.84	24.84	24.84	24.84	24.84	24.84	<b>149.04</b>
iv)	Furniture & Fixture	2.78	15.00	0.41	0.41	0.41	0.41	0.41	0.41	<b>2.46</b>
	<b>TOTAL</b>	<b>453.14</b>		<b>41.61</b>	<b>41.61</b>	<b>41.61</b>	<b>41.61</b>	<b>41.61</b>	<b>41.61</b>	<b>249.66</b>

**(B) Calculation of Depreciation (For income Tax Purpose)**  
**(On Written Down Value Method)**

**(Rs in lakhs)**

SL No.	Items	Cost (Rs in lakhs)	Rate (%)	06-07 35%	07-08 80%	08-09 90%	09-10 90%	10-11 90%	11-12 90%	Total
i)	Land	38.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii)	Buildings & Civil Constructions	163.62	10.00	16.36	14.73	13.25	11.93	10.74	9.66	<b>76.67</b>
iii)	Machinery & Equipments, Misc. Fixed Assets and Furniture & Fixture	251.14	20.00	50.23	40.18	32.15	25.72	20.57	16.46	<b>185.31</b>
	<b>TOTAL</b>	<b>453.14</b>		<b>66.59</b>	<b>54.91</b>	<b>45.4</b>	<b>37.65</b>	<b>31.31</b>	<b>26.12</b>	<b>261.98</b>

**The Depreciation to be considered for the Income Tax Purpose**

**DPR on Dust Shield Leather**

**PROJECTED FINANCIAL STATEMENTS**

**PROJECTED COST OF PRODUCTION, COST OF SALES & PROFITABILITY**

**(Rs. in lakh)**

<b>Year &amp; Capacity Utilization (%)</b> →	<b>1<sup>st</sup> Year</b> <b>60%</b>	<b>2<sup>nd</sup> Year</b> <b>70%</b>	<b>3<sup>rd</sup> Year</b> <b>80%</b>	<b>4<sup>th</sup> Year</b> <b>80%</b>	<b>5<sup>th</sup> Year</b> <b>80%</b>	<b>6<sup>th</sup> Year</b> <b>80%</b>	<b>Total</b>
<b>Particulars</b>							
Raw Materials	434.16	564.89	659.68	681.23	694.86	708.75	<b>3743.57</b>
Wages	38.02	45.24	52.74	53.79	54.87	55.96	<b>300.62</b>
Consumable Stores	4.34	5.65	6.60	6.81	6.95	7.09	<b>37.44</b>
Other Mfg. Expenses	4.39	5.71	6.66	6.88	7.02	7.16	<b>37.81</b>
Power, Fuel & Water	23.04	23.86	24.69	24.77	24.88	24.97	<b>146.21</b>
Repair & Maintenance	3.15	3.43	3.72	3.76	3.8	3.83	<b>21.69</b>
Depreciation	41.61	41.61	41.61	41.61	41.61	41.61	<b>249.66</b>
Preliminary Expenses Written Off	1.00	1.00	1.00	1.00	1.00	0.00	<b>5.00</b>
<b>Factory Cost of Production</b>	<b>549.71</b>	<b>691.39</b>	<b>796.7</b>	<b>819.85</b>	<b>834.99</b>	<b>849.37</b>	<b>4542</b>
<i>Add: Opening Stock of W.I.P</i>	<i>0.00</i>	<i>27.49</i>	<i>34.57</i>	<i>39.84</i>	<i>40.99</i>	<i>41.75</i>	<b>184.64</b>
<i>Less: Closing Stock of W.I.P</i>	<i>27.49</i>	<i>34.57</i>	<i>39.84</i>	<i>40.99</i>	<i>41.75</i>	<i>42.47</i>	<b>227.10</b>
<b>Factory Cost of Goods Produced</b>	<b>522.22</b>	<b>656.82</b>	<b>756.86</b>	<b>778.86</b>	<b>793.24</b>	<b>806.90</b>	<b>4314.90</b>
Salaries	15.24	15.54	15.86	16.17	16.50	16.83	<b>96.14</b>
Administrative Expenses	5.22	6.57	7.57	7.79	7.93	8.07	<b>43.15</b>
Insurance	2.08	2.08	2.08	2.08	2.08	2.08	<b>12.48</b>
<b>Total Cost of Production</b>	<b>544.76</b>	<b>681.01</b>	<b>782.37</b>	<b>804.90</b>	<b>819.75</b>	<b>833.88</b>	<b>4466.67</b>
<i>Add: Opening Stock of Finished Leathers (Finished Goods)</i>	<i>0.00</i>	<i>27.24</i>	<i>34.05</i>	<i>39.12</i>	<i>40.25</i>	<i>40.99</i>	<b>181.64</b>
<i>Less: Closing Stock of of Finished Leathers (Finished Goods)</i>	<i>27.24</i>	<i>34.05</i>	<i>39.12</i>	<i>40.25</i>	<i>40.99</i>	<i>41.69</i>	<b>223.33</b>
<b>Cost of Goods Sold</b>	<b>517.52</b>	<b>674.20</b>	<b>777.30</b>	<b>803.77</b>	<b>819.01</b>	<b>833.17</b>	<b>4424.98</b>
Selling & Distribution Expenses	5.18	6.74	7.77	8.04	8.19	8.33	<b>44.25</b>
<b>Cost of Sales (C)</b>	<b>522.70</b>	<b>680.94</b>	<b>785.08</b>	<b>811.81</b>	<b>827.20</b>	<b>841.51</b>	<b>4469.23</b>
<b>Less: Total Sales Turnover (S)</b>	<b>615.60</b>	<b>802.33</b>	<b>936.98</b>	<b>967.82</b>	<b>987.18</b>	<b>1006.92</b>	<b>5316.83</b>
<b>Profit Before Interest &amp; Tax (S-C)</b>	<b>92.90</b>	<b>121.39</b>	<b>151.90</b>	<b>156.01</b>	<b>159.98</b>	<b>165.41</b>	<b>847.60</b>
<b>Less: Interest</b>							
<i>On W/C Loan</i>	9.40	11.95	13.85	14.27	14.54	14.81	<b>78.82</b>
<i>On Term Loan</i>	44.00	38.00	30.00	22.00	14.00	6.00	<b>154.00</b>
<b>Total Interest</b>	<b>53.40</b>	<b>49.95</b>	<b>43.85</b>	<b>36.27</b>	<b>28.54</b>	<b>20.81</b>	<b>232.82</b>
<b>Profit Before Tax</b>	<b>39.50</b>	<b>71.44</b>	<b>108.05</b>	<b>119.74</b>	<b>131.44</b>	<b>144.60</b>	<b>614.78</b>
<b>Less: Income Tax</b>	4.53	18.14	32.53	38.59	44.22	49.95	<b>187.96</b>
<b>Profit After Tax</b>	<b>34.97</b>	<b>53.3</b>	<b>75.52</b>	<b>81.15</b>	<b>87.22</b>	<b>94.65</b>	<b>426.82</b>
<b>Profitability (%)</b> <i>(Profit Before Tax to Sales Ratio)</i>	6.42%	8.90%	11.53%	12.37%	13.31%	14.36%	<b>11.56%</b> <b>(6 - Year Av.)</b>
<b>Profitability (%)</b> <i>(Post Tax Profit to Sales Ratio)</i>	5.68%	6.64%	8.06%	8.38%	8.84%	9.40%	<b>8.03%</b> <b>(6 - Year Av.)</b>

## DPR on Dust Shield Leather

### PROJECTED CASH-FLOW STATEMENT

(Rs. in lakh)

Particulars	Construction Period	1 <sup>st</sup> Year 60%	2 <sup>nd</sup> Year 70%	3 <sup>rd</sup> Year 80%	4 <sup>th</sup> Year 80%	5 <sup>th</sup> Year 80%	6 <sup>th</sup> Year 80%
<i>(A) Cash Inflow: -</i>							
(1) Promoter's Contribution at the beginning of the Project	86.62						
(2) Term Loan from Bank	400.00						
(4) Profit After Depreciation & Write-off But Before Interest & Tax		92.90	121.39	151.90	156.01	159.98	165.41
(5) Depreciation & Amortization (Write-off) Added Back		42.61	42.61	42.61	42.61	42.61	41.61
(6) Increase in Working Capital Loan		85.44	23.15	17.33	3.79	2.50	2.46
(7) Increase in Current Liability		39.65	7.53	7.82	1.10	1.12	1.15
<b>Total (A)</b>	<b>486.62</b>	<b>260.60</b>	<b>194.68</b>	<b>219.66</b>	<b>203.51</b>	<b>206.21</b>	<b>210.63</b>
<i>(B) Cash Outflow: -</i>							
(1) Capital Expenditure towards Land, Building, Plant & Machinery and other Misc. Fixed Assets	453.14						
(2) Preliminary Expenses	5.00						
(3) Increase in Current Assets		153.57	38.4	30.92	6.16	4.45	4.43
(4) Repayment of Term Loan		36.36	72.72	72.72	72.72	72.72	72.76
(5) Interest on Term Loan		44.00	38.00	30.00	22.00	14.00	6.00
(6) Interest on Working Capital Loan		9.40	11.95	13.85	14.27	14.54	14.81
(7) Payment of Income Tax		4.53	18.14	32.53	38.59	44.22	49.95
<b>Total (B)</b>	<b>458.14</b>	<b>247.86</b>	<b>179.21</b>	<b>180.02</b>	<b>153.74</b>	<b>149.93</b>	<b>147.95</b>
<b>Surplus/(Deficit) (A) – (B)</b>	<b>28.48</b>	<b>12.74</b>	<b>15.47</b>	<b>39.64</b>	<b>49.77</b>	<b>56.28</b>	<b>62.68</b>
<i>Opening Cash Balance</i>	-----	28.48	41.22	56.69	96.33	146.10	202.38
<i>Closing Cash Balance</i>	<b>28.48</b>	<b>41.22</b>	<b>56.69</b>	<b>96.33</b>	<b>146.10</b>	<b>202.38</b>	<b>265.06</b>

## DPR on Dust Shield Leather

### PROJECTED BALANCE SHEET AS AT 31<sup>st</sup> March...

**(Rs. in Lakh)**

Particulars	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%
<b><u>LIABILITIES</u></b>						
<b><u>Promoter's Capital</u></b>						
Opening Capital	86.62	121.59	174.89	250.41	331.56	418.78
<i>Add: Profit &amp; Loss during the Year</i>	<u>34.97</u>	<u>53.30</u>	<u>75.52</u>	<u>81.15</u>	<u>87.22</u>	<u>94.65</u>
<b>Closing Capital (Net Worth)</b>	<b>121.59</b>	<b>174.89</b>	<b>250.41</b>	<b>331.56</b>	<b>418.78</b>	<b>513.43</b>
<b><u>Secured Loan</u></b>						
Term Loan	363.64	290.92	218.20	145.48	72.76	0.00
Bank Loan for Working Capital	85.44	108.59	125.92	129.71	132.21	134.67
<b><u>Unsecured Loan</u></b>						
Current Liabilities & Provisions	0.00	0.00	0.00	0.00	0.00	0.00
Sundry Creditors	39.65	47.18	55.00	56.10	57.22	58.37
<b>TOTAL</b>	<b>610.32</b>	<b>621.58</b>	<b>649.53</b>	<b>662.85</b>	<b>680.97</b>	<b>706.47</b>
<b><u>ASSETS</u></b>						
<b><u>Fixed Assets</u></b>						
<i>Gross Block of Fixed Assets</i>	<u>453.14</u>	<u>453.14</u>	<u>453.14</u>	<u>453.14</u>	<u>453.14</u>	<u>453.14</u>
<i>Less: Cum. Depreciation</i>	<u>41.61</u>	<u>83.22</u>	<u>124.83</u>	<u>166.44</u>	<u>208.05</u>	<u>249.66</u>
<b>Net Block of Fixed Assets</b>	<b>411.53</b>	<b>369.92</b>	<b>328.31</b>	<b>286.7</b>	<b>245.09</b>	<b>203.48</b>
Current Assets, Loans & Advances						
Inventories	102.97	126.03	145.88	149.50	152.36	155.17
Sundry Debtors	50.60	65.94	77.01	79.55	81.14	82.76
Cash & Bank	41.22	56.69	96.33	146.10	202.38	265.06
Preliminary Expenses & Losses <i>(To the extent not written off)</i>	4.00	3.00	2.00	1.00	0.00	0.00
<b>TOTAL</b>	<b>610.32</b>	<b>621.58</b>	<b>649.53</b>	<b>662.85</b>	<b>680.97</b>	<b>706.47</b>

**DPR on Dust Shield Leather**

**FINANCIAL ANALYSIS IN TERMS OF RATIOS**

(2) **Break Even Point Analysis: -**

$$\text{B.E.P (\%)} = \frac{\text{Fixed Cost}}{\text{Contribution}} \times 100$$

**(Rs. In Lakh)**

Particulars	<u>1<sup>st</sup> Year</u> 60%	<u>2<sup>nd</sup> Year</u> 70%	<u>3<sup>rd</sup> Year</u> 80%	<u>4<sup>th</sup> Year</u> 80%	<u>5<sup>th</sup> Year</u> 80%	<u>6<sup>th</sup> Year</u> 80%	Total
<b>Net Sales Turnover (A)</b>	<b>615.60</b>	<b>802.33</b>	<b>936.98</b>	<b>967.82</b>	<b>987.18</b>	<b>1006.92</b>	<b>5316.83</b>
<b>Less: Variable Cost (B):</b>							
Raw Materials	434.16	564.89	659.68	681.23	694.86	708.75	<b>3743.57</b>
Wages	38.02	45.24	52.74	53.79	54.87	55.96	<b>300.62</b>
Consumable Stores	4.34	5.65	6.60	6.81	6.95	7.09	<b>37.44</b>
Variable Other Mfg. Expenses	4.39	5.71	6.66	6.88	7.02	7.16	<b>37.81</b>
Power, Fuel & Water	4.32	5.05	5.78	5.78	5.79	5.79	32.51
Repair & Maintenance	1.49	1.76	2.03	2.05	2.07	2.09	<b>11.49</b>
Selling & Distribution Expenses	3.63	4.72	5.44	5.63	5.73	5.83	<b>30.98</b>
Interest on Working Capital Loan	9.40	11.95	13.85	14.27	14.54	14.81	<b>78.82</b>
<b>Total Variable Cost (B)</b>	<b>499.75</b>	<b>644.97</b>	<b>752.78</b>	<b>776.44</b>	<b>791.83</b>	<b>807.48</b>	<b>4273.24</b>
<b>Contribution (A - B)</b>	<b>115.85</b>	<b>157.36</b>	<b>184.2</b>	<b>191.38</b>	<b>195.35</b>	<b>199.44</b>	<b>1043.59</b>
<b>Less: - Fixed Cost (F):</b>							
Salaries	15.24	15.54	15.86	16.17	16.50	16.83	<b>96.14</b>
Administrative Expenses	5.22	6.57	7.57	7.79	7.93	8.07	43.15
<b>Selling &amp; Distribution Expenses</b>	<b>1.55</b>	<b>2.02</b>	<b>2.33</b>	<b>2.41</b>	<b>2.46</b>	<b>2.50</b>	<b>13.28</b>
Power, Fuel & Water	18.72	18.81	18.91	18.99	19.09	19.18	113.70
Repair & Maintenance	1.66	1.67	1.69	1.71	1.73	1.74	<b>10.20</b>
Insurance	2.08	2.08	2.08	2.08	2.08	2.08	<b>12.48</b>
Depreciation & Write-off	1.59	2.12	2.12	2.12	2.12	2.12	<b>12.19</b>
Interest on Term Loan	44.00	38.00	30.00	22.00	14.00	6.00	<b>154.00</b>
Preliminary Expenses Written Off	1.00	1.00	1.00	1.00	1.00	0.00	<b>5.00</b>
<b>Total Fixed Cost</b>	<b>91.06</b>	<b>87.81</b>	<b>81.56</b>	<b>74.27</b>	<b>66.91</b>	<b>58.52</b>	<b>460.14</b>
<b>Break Even Point (B.E.P) %</b>	<b>79%</b>	<b>56%</b>	<b>44%</b>	<b>39%</b>	<b>34%</b>	<b>29%</b>	<b>44%</b>

**BEP = 44% (Six Year Average)**

**DPR on Dust Shield Leather**

(2) **Calculation of Current Ratio: -**

**(Rs. In Lakh)**

<i>Particulars</i>	<b><u>1<sup>st</sup> Year</u></b> <b>60%</b>	<b><u>2<sup>nd</sup> Year</u></b> <b>70%</b>	<b><u>3<sup>rd</sup> Year</u></b> <b>80%</b>	<b><u>4<sup>th</sup> Year</u></b> <b>80%</b>	<b><u>5<sup>th</sup> Year</u></b> <b>80%</b>	<b><u>6<sup>th</sup> Year</u></b> <b>80%</b>	<b>Total</b>
<b><u>Current Assets (C.A):</u></b>							
Inventories	102.97	126.03	145.88	149.50	152.36	155.17	<b>831.91</b>
Sundry Debtors	50.60	65.94	77.01	79.55	81.14	82.76	<b>437</b>
Cash & Bank	41.22	56.69	96.33	146.10	202.38	265.06	<b>807.78</b>
Total Current Assets (A)	<b>194.79</b>	<b>248.66</b>	<b>319.22</b>	<b>375.15</b>	<b>435.88</b>	<b>502.99</b>	<b>2076.69</b>
<b><u>Current Liabilities (C.L):</u></b>							
Sundry Creditors	39.65	47.18	55.00	56.10	57.22	58.37	313.52
Bank Loan for Working Capital	85.44	108.59	125.92	129.71	132.21	134.67	716.54
Total Current Liabilities (B)	<b>125.09</b>	<b>155.77</b>	<b>180.92</b>	<b>185.81</b>	<b>189.43</b>	<b>193.04</b>	<b>1030.06</b>
Current Ratio (A /B)	<b>1.56</b>	<b>1.60</b>	<b>1.76</b>	<b>2.02</b>	<b>2.30</b>	<b>2.61</b>	<b>2.02</b>

**Average Current Ratio (C.A / C.L) = 2.02 : 1**  
**(Six Year Average)**

**DPR on Dust Shield Leather**

(3) **Return On Capital Employed (%)**: -

**(Rs. in Lakh)**

<b>YEAR</b> →	<b><u>1<sup>st</sup> Year</u></b> 60%	<b><u>2<sup>nd</sup> Year</u></b> 70%	<b><u>3<sup>rd</sup> Year</u></b> 80%	<b><u>4<sup>th</sup> Year</u></b> 80%	<b><u>5<sup>th</sup> Year</u></b> 80%	<b><u>6<sup>th</sup> Year</u></b> 80%
• <b><u>Capital Employed</u></b> : -						
<b><i>Net Block of Fixed Assets</i></b>	<b>411.53</b>	<b>369.92</b>	<b>328.31</b>	<b>286.7</b>	<b>245.09</b>	<b>203.48</b>
<b><i>Add: Current Assets:</i></b>						
Inventories	102.97	126.03	145.88	149.50	152.36	155.17
S/Debtors	50.60	65.94	77.01	79.55	81.14	82.76
Cash & Bank	41.22	56.69	96.33	146.10	202.38	265.06
<b>Total (A)</b>	<b>606.32</b>	<b>618.58</b>	<b>647.53</b>	<b>661.85</b>	<b>680.97</b>	<b>706.47</b>
<b><i>Less: Current Liabilities:</i></b>						
Sundry Creditors	39.65	47.18	55.00	56.10	57.22	58.37
Bank Loan for Working Capital	85.44	108.59	125.92	129.71	132.21	134.67
<b>Total (B)</b>	<b>125.09</b>	<b>155.77</b>	<b>180.92</b>	<b>185.81</b>	<b>189.43</b>	<b>193.04</b>
<b>Capital Employed (A – B)</b>	<b>481.23</b>	<b>462.81</b>	<b>466.61</b>	<b>476.04</b>	<b>491.54</b>	<b>513.43</b>
➤ <b><i>Profit Before Interest on Term Loan &amp; Tax: -</i></b>						
<b>Profit Before Interest &amp; Tax</b>	<b>92.90</b>	<b>121.39</b>	<b>151.90</b>	<b>156.01</b>	<b>159.98</b>	<b>165.41</b>
<b><i>Less: Interest on W/C Loan</i></b>	9.40	11.95	13.85	14.27	14.54	14.81
<b>Total (C)</b>	<b>83.50</b>	<b>109.44</b>	<b>138.05</b>	<b>141.74</b>	<b>145.44</b>	<b>150.60</b>
❖ <b>Return on Capital Employed (%)</b> <b>C / (A – B) x 100</b>	17.35%	23.65%	29.59%	29.77%	29.59%	29.33%

Average Return on Capital Employed (%) = 26.55%  
(Six-Year Average)

**DPR on Dust Shield Leather**

**(4) Calculation of Debt Service Coverage Ratio (D.S.C.R.): -**

**♦ D.S.C.R Without the Subsidy Benefit: -**

**(Rs. in Lakh)**

<b>(A) Sources: -</b>							
<b>Profit After Tax</b>	<b>34.97</b>	<b>53.3</b>	<b>75.52</b>	<b>81.15</b>	<b>87.22</b>	<b>94.65</b>	<b>426.82</b>
<b>Add:</b> Depreciation	41.61	41.61	41.61	41.61	41.61	41.61	<b>249.66</b>
<b>Add:</b> Amortization of Pre-Operative Expenses	1.00	1.00	1.00	1.00	1.00	0.00	<b>5.00</b>
<b>Cash Accrual</b>	<b>77.58</b>	<b>95.91</b>	<b>118.13</b>	<b>123.76</b>	<b>129.83</b>	<b>136.26</b>	<b>681.48</b>
<b>Add:</b> Interest on Term Loan	44.00	38.00	30.00	22.00	14.00	6.00	<b>154.00</b>
<b>Total Sources</b>	<b>121.58</b>	<b>133.91</b>	<b>148.13</b>	<b>145.76</b>	<b>143.83</b>	<b>142.26</b>	<b>835.48</b>
<b>(B) Payment Obligations: -</b>							
Repayment of Term Loan	36.36	72.72	72.72	72.72	72.72	72.76	<b>400.00</b>
Interest on Term Loan	44.00	38.00	30.00	22.00	14.00	6.00	<b>154.00</b>
<b>Total Obligation</b>	<b>80.36</b>	<b>110.72</b>	<b>102.72</b>	<b>94.72</b>	<b>86.72</b>	<b>78.76</b>	<b>554</b>
<b>D.S.C.R (Ratio)</b>	<b>1.51</b>	<b>1.21</b>	<b>1.44</b>	<b>1.54</b>	<b>1.66</b>	<b>1.81</b>	<b>1.51</b>

**D.S.C.R = 1.51 (6 – Year Av.)**

**DPR on Dust Shield Leather**

(5) **Pay Back Period: -**

**Total Capital Investment = Rs. 572.06 Lakh**

<b>Year</b>	<b>Cash Accrual</b>	<b>Cumulative Cash Accrual</b>
<b>1<sup>st</sup> Year</b>	<b>77.58</b>	<b>77.58</b>
<b>2<sup>nd</sup> Year</b>	<b>95.91</b>	<b>173.49</b>
<b>3<sup>rd</sup> Year</b>	<b>118.13</b>	<b>291.62</b>
<b>4<sup>th</sup> Year</b>	<b>123.76</b>	<b>415.38</b>
<b>5<sup>th</sup> Year</b> ↕ <b>2 Months</b>	<b>129.83</b>  <b>Pay Back Cut – off after 2 Months (i.e Say, <u>2 Months</u> (Approx.))</b>	<b>545.21</b>  ←—————→ <b>Pay Back of Rs. 572.06 Lakh After <u>2 years &amp; 6 Months</u> (Approx)</b>
<b>6<sup>th</sup> Year</b>	<b>136.26</b>	<b>681.47</b>

$$\text{Pay Back Cut - off Period (Months)} = \frac{12 \text{ Months} \times (572.06 - 545.21)}{(681.47 - 545.21)}$$

$$= \frac{12 \text{ Months} \times 26.85}{136.26}$$

$$= 2.36 \text{ Months}$$

**i.e, Say 2 Months (Approx.)**

**So, Pay Back Period of the Project would be 5 years & 2 Months (Approx.).**

**DPR on Dust Shield Leather**

**Annexure – I**

**Projected Sales Turnover Per Annum**

**Annual Sales Turnover For Finished Dust Shield Leathers: -**

The Estimated Output and the expected Average Selling Prices of Finished Dust Shield Leathers that would be produced are shown below:

- The size (area) of each Cow Leather is taken to be on an average 20 sq.ft.
- No. of Cow Hides processed Per Day for production of Dust Shield Leathers = 200 Pieces

**Statement Showing the Volume of Sales of Finished Dust Shield Leathers per Annum (No. of Pcs.)**

Particulars	1st Year 60%	2nd Year 70%	3rd Year 80%	4th Year 80%	5th Year 80%	6th Year 80%	Total
<i>Production of Cow Finished Leathers (No. of Pieces)</i>	36000	42000	48000	48000	48000	48000	270000
<i>Add: Opening Stock of WIP &amp; Finished Goods</i>	Nil	3600	4200	4800	4800	4800	22200
<i>Less: Closing Stock of WIP &amp; Finished Goods (See Note below)</i>	3600	4200	4800	4800	4800	4800	27000
<b>Total No. of Pieces of Cow Finished Leathers Sold</b>	32400	41400	47400	48000	48000	48000	265200
<b>Total Area of Cow Finished Leathers Sold (in Lakh Sq.ft.)</b>	6.48	8.28	9.48	9.60	9.60	9.60	53.04

**Note: Basis of Valuation of Closing Stocks of WIP and Finished Goods: -**

- **Work-in Progress & Finished Goods Period for Production of Dust Shield Leathers from Raw Cow Hides = 15 + 15 = 30 Days**

So, the **Closing Stock of WIP & Finished Goods** for Production of Leathers at **60% Capacity Utilisation** (for example)

= 36000 x 30/300 = **3600 pcs.** of Leathers as WIP & Finished Goods .

Similarly for other years.

**Note: The yearly Sales Price Increase is assumed to be @ 2%**

**(A) Projected Annual Sales Turnover of Dust Shield Leathers: -**

Finished Leathers Sold	1st Year 60%	2nd Year 70%	3rd Year 80%	4th Year 80%	5th Year 80%	6th Year 80%	Total
Dust Shield Leathers (Sq.ft.)	6.48	8.28	9.48	9.60	9.60	9.60	53.04
Estimated Annual Sales Turnover of Dust Shield Leathers @ Rs. 95/- (Rs. In Lakh)	615.60	802.33	936.98	967.82	987.18	1006.92	5316.83

**DPR on Dust Shield Leather**

**Annexure – II**

**ESTIMATION OF CREDITORS FOR RAW MATERIALS**

**(Rs. in Lakhs)**

<b>Year/Cap. Utilization</b>	<b><u>1<sup>st</sup> Year</u> 60%</b>	<b><u>2<sup>nd</sup> Year</u> 70%</b>	<b><u>3<sup>rd</sup> Year</u> 80%</b>	<b><u>4<sup>th</sup> Year</u> 80%</b>	<b><u>5<sup>th</sup> Year</u> 80%</b>	<b><u>6<sup>th</sup> Year</u> 80%</b>
<b>Purchase of Raw Materials</b>	<b>482.40</b>	<b>574.06</b>	<b>669.19</b>	<b>682.57</b>	<b>696.22</b>	<b>710.14</b>
<b>Creditors for Raw Materials (30 Days Credit)</b>						
<b># (Rs. 482.40 * 30/ 365)</b>	<b>39.65</b>	<b>47.18</b>	<b>55.00</b>	<b>56.10</b>	<b>57.22</b>	<b>58.37</b>
<b>Increase in Current Liabilities</b>	<b>39.65</b>	<b>7.53</b>	<b>7.82</b>	<b>1.10</b>	<b>1.12</b>	<b>1.15</b>

**Notes: -**

- The **Credit Period** to the **Creditors of Raw Materials** has been considered for **30 Days.**

**DPR on Dust Shield Leather**

**Annexure – III**

**ASSESSMENT OF WORKING CAPITAL REQUIREMENT**

The Working Capital Requirement has been estimated as under: -

(Rs. in Lakhs)

<b><u>Particulars</u></b>	<b><u>Basis (Period)</u></b>	<b><u>1<sup>st</sup> Year 60%</u></b>	<b><u>2<sup>nd</sup> Year 70%</u></b>	<b><u>3<sup>rd</sup> Year 80%</u></b>	<b><u>4<sup>th</sup> Year 80%</u></b>	<b><u>5<sup>th</sup> Year 80%</u></b>	<b><u>6<sup>th</sup> Year 80%</u></b>
Stock of Raw Materials	30 days	48.24	57.41	66.92	68.26	69.62	71.01
Work-in –Progress (W.I.P)	15 days	27.49	34.57	39.84	40.99	41.75	42.47
Finished Goods Stock	15 days	27.24	34.05	39.12	40.25	40.99	41.69
Debtors	30 days	50.60	65.94	77.01	79.55	81.14	82.76
❖ Gross Working Capital	<b>90 days</b>	<b>153.57</b>	<b>191.97</b>	<b>222.89</b>	<b>229.05</b>	<b>233.50</b>	<b>237.93</b>
• <u>Less:</u> Creditors for Raw Materials	30 days	39.65	47.18	55.00	56.10	57.22	58.37
❖ Net Working Capital	<b>60 days</b>	<b>113.92</b>	<b>144.79</b>	<b>167.89</b>	<b>172.95</b>	<b>176.28</b>	<b>179.56</b>
• <u>Less:</u> Margin Money (25%)		28.48	36.20	41.97	43.24	44.07	44.89
• Bank Finance for Working Capital Loan		<b>85.44</b>	<b>108.59</b>	<b>125.92</b>	<b>129.71</b>	<b>132.21</b>	<b>134.67</b>
Interest On Working Capital Loan @ 11% per Annum		9.40	11.95	13.85	14.27	14.54	14.81
Increase in Working Capital Loan		<b>85.44</b>	<b>23.15</b>	<b>17.33</b>	<b>3.79</b>	<b>2.50</b>	<b>2.46</b>

**DPR on Dust Shield Leather**

**Annexure - IV**

**REPAYMENT SCHEDULE OF TERM LOAN  
AND CALCULATION OF YEARLY INTEREST BURDEN**

- Total Term Loan = Rs. 400 Lakh
- Rate of interest = 11.00 %
- Repayment Holiday Assumed = Initial Six Months

***(Rs. In Lakh)***

<b>Year</b>	<b>Period of Payment</b>	<b>Term Loan Opening Balance</b>	<b>Repayment</b>	<b>Term Loan Closing Balance</b>	<b>Half Yearly Interest</b>	<b>Yearly Interest @ 11%</b>
<b><u>1<sup>st</sup> Year:</u></b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> 6 Months</li> <li>• 2<sup>nd</sup> 6 Months</li> </ul>	400.00 400.00	0.00 36.36	400.00 363.64	22.00 22.00	<b>44.00</b>
	<b><i>Cum. Repayment</i></b>		<b>36.36</b>			
<b><u>2<sup>nd</sup> Year:</u></b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> 6 Months</li> <li>• 2<sup>nd</sup> 6 Months</li> </ul>	363.64 327.28	36.36 36.36	327.28 290.92	20.00 18.00	<b>38.00</b>
	<b><i>Cum. Repayment</i></b>		<b>109.08</b>			
<b><u>3<sup>rd</sup> Year:</u></b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> 6 Months</li> <li>• 2<sup>nd</sup> 6 Months</li> </ul>	290.92 254.56	36.36 36.36	254.56 218.20	16.00 14.00	<b>30.00</b>
	<b><i>Cum. Repayment</i></b>		<b>181.80</b>			
<b><u>4<sup>th</sup> Year:</u></b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> 6 Months</li> <li>• 2<sup>nd</sup> 6 Months</li> </ul>	218.20 181.84	36.36 36.36	181.84 145.48	12.00 10.00	<b>22.00</b>
	<b><i>Cum. Repayment</i></b>		<b>254.52</b>			
<b><u>5<sup>th</sup> Year:</u></b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> 6 Months</li> <li>• 2<sup>nd</sup> 6 Months</li> </ul>	145.48 109.12	36.36 36.36	109.12 72.76	8.00 6.00	<b>14.00</b>
			<b>327.24</b>			
<b><u>6<sup>th</sup> Year:</u></b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> 6 Months</li> <li>• 2<sup>nd</sup> 6 Months</li> </ul>	72.76 36.40	36.36 36.40	36.40 0.00	4.00 2.00	<b>6.00</b>
	<b><i>Total</i></b>		<b>400.00</b>			<b>154.00</b>

***(Rs. In Lakh)***

<b>Year/ Capacity Utilisation</b>	<b><u>1<sup>st</sup> Year</u> 60%</b>	<b><u>2<sup>nd</sup> Year</u> 70%</b>	<b><u>3<sup>rd</sup> Year</u> 80%</b>	<b><u>4<sup>th</sup> Year</u> 80%</b>	<b><u>5<sup>th</sup> Year</u> 80%</b>	<b><u>6<sup>th</sup> Year</u> 80%</b>	<b>Total</b>
<b>Interest on Term Loan</b>	44.00	38.00	30.00	22.00	14.00	6.00	<b>154.00</b>
<b>Repayment of Term Loan</b>	36.36	72.72	72.72	72.72	72.72	72.76	<b>400.00</b>
<b>Total Payment Obligation</b>	<b>80.36</b>	<b>110.72</b>	<b>102.72</b>	<b>94.72</b>	<b>86.72</b>	<b>78.76</b>	<b>554.00</b>

**DPR on Dust Shield Leather**

**Annexure- V**

**Statement Showing The Calculation Of Income Tax Liability**

**(Rs. In Lakh)**

<b>Particulars</b>	<b><u>1<sup>st</sup> Year</u> <b>60%</b></b>	<b><u>2<sup>nd</sup> Year</u> <b>70%</b></b>	<b><u>3<sup>rd</sup> Year</u> <b>80%</b></b>	<b><u>4<sup>th</sup> Year</u> <b>80%</b></b>	<b><u>5<sup>th</sup> Year</u> <b>80%</b></b>	<b><u>6<sup>th</sup> Year</u> <b>80%</b></b>
<i>Profit Before Tax</i>	<b>39.50</b>	<b>71.44</b>	<b>108.05</b>	<b>119.74</b>	<b>131.44</b>	<b>144.60</b>
<b>Add:</b> Depreciation by SLM	41.61	41.61	41.61	41.61	41.61	41.61
<b>Total</b>	81.11	113.05	149.66	161.35	173.05	186.21
<b>Less:</b> Depreciation by WDV	<b>66.59</b>	<b>54.91</b>	<b>45.40</b>	<b>37.65</b>	<b>31.31</b>	<b>26.12</b>
<i>Taxable Income</i>	14.52	58.14	104.26	123.7	141.74	160.09
<b>Income Tax @30% on above</b>	<b>4.36</b>	<b>17.44</b>	<b>31.28</b>	<b>37.11</b>	<b>42.52</b>	<b>48.03</b>
<i>Add: Educational Cess @4%</i>	0.17	0.70	1.25	1.48	1.70	1.92
<b>Total Income Tax Liability</b>	<b>4.53</b>	<b>18.14</b>	<b>32.53</b>	<b>38.59</b>	<b>44.22</b>	<b>49.95</b>

### **The Details of the Test Facilities Available in India**

There exists sufficient infrastructure for carrying out the both the Physical and Chemical Tests for the Leathers in India. The following are the organizations, where the tests facilities are available :

<b>Sl. No.</b>	<b>Name &amp; Address of the Organisations</b>	<b>Contact No., e-mail etc.</b>
1)	Central Leather Research Institute Sardar Patel Road Adyar, near Indian Institute Of Technology, Chennai, Tamil Nadu - 600020	044 2491 2150 E-mail: <a href="mailto:clriinfo@clri.res.in">clriinfo@clri.res.in</a>
2)	Central Leather Research Institute 3/1C, Mathewartola Road, Tangra, Kolkata, West Bengal 700046	033 2329 2381 E-mail: <a href="mailto:sribalak@clri.res.in">sribalak@clri.res.in</a>
3)	Central Leather Research Institute Jajmau, Kanpur, Uttar Pradesh - 208008	0512 296 0333 E-mail- <a href="mailto:clrikpr@clri.res.in">clrikpr@clri.res.in</a> <a href="mailto:clrijal@clri.res.in">clrijal@clri.res.in</a>
4)	SGS India Private Limited, Testing Laboratory, BNT Connection Buildings, 28 B/1 (SP), 28 B/2 (SP), Second Main Road, Ambattur Industrial Estate, Chennai, Tamil Nadu, India, 600058	9654730004 e-mail: <a href="mailto:av.abraham@sgs.com">av.abraham@sgs.com</a>
5)	SGS India Private Limited, Kolkata Kolkata, West Bengal, India	033 65009355 e-mail: <a href="mailto:sudeb_mandal@sgs.com">sudeb_mandal@sgs.com</a>

### **Details of Raw Material Suppliers:**

➤ **Chemicals & Auxiliaries:**

<b>Sl. No.</b>	<b>Name &amp; Address of the Suppliers</b>
1)	M/s. Balmer Lawrie and Co. 10, Spur Rank Road, Chetput, Chennai
2)	M/s. BASF India Ltd. Tiecion House, E. Moses Road, Mumbai
3)	M/s. Indofil Chemicals Industries, Ticoieon House, Dr. E. Moses Road, Mumbai
4)	Tfl Quinn India Pvt Ltd 24, G J Khan Road, Topsia, Topsia, Kolkata, West Bengal - 700046
5)	LANXESS India Private Limited Karaidanga, Gangapur, Kolkata Leather Complex West Bengal 743502
6)	Stahl India Private Limited No.107/2A, 2 Stahl Road (opposite NMZ), Thuthipet, Ambur Tamilnadu

➤ **Raw**

**Hides & Skins:**

Raw Hides & Skins are locally available in various States:

- West Bengal – Kolkata
- Uttar Pradesh – Agra, Kanpur
- Maharashtra – Mumbai
- Punjab – Jalandhar
- Karnataka – Bangalore
- Andhra Pradesh – Hyderabad
- Haryana – Ambala, Faridabad, Gurgaon, Karnal and Panchkula
- Madhya Pradesh – Dewas

**Machinery and Equipment Suppliers:**

<b>Sl. No.</b>	<b>Name &amp; Address of the Suppliers</b>
1)	M/s. Siva Engg Co. Ambur, North Arcot District, Tamil Nadu
2)	M/s. Annapurna Enterprises F-10/2, HIDC, Shirol, Kolhapur - 416122
3)	JSR Exim Enterprises Private Limited Building No. 2/567, Karpagarvinayagar Street, Srinivasa Nagar, Near Perumal Kovil, Iyyappanthangal, Chennai-600056, Tamil Nadu, India
4)	M/s Taraknath Engineering Works Mathpukur, Tangra Kolkata - 700046
5)	M/s Indo Sales Corporation Court Road, Lal Chowk, Jammu & Kashmir, Srinagar-190001, India
6)	M/s Dakshatha Enterprises No 24 Sundarambal Street Lakshmipuram, Chromepet, Chennai-600044, Tamil Nadu, India
7)	S. N. Enterprise 8 Pagla Danga Road, Kolkata-700105, West Bengal, India

## Schemes and consultancy services

- **Existing Schemes available and their details:**

1. The proposed unit may apply for loan under **CGTMSE** Scheme where the credit facilities which are eligible to cover both term loans and/or working capital for collateral free loan up to a limit of Rs. 200 lakh is available for individual MSE on payment of guarantee fee to bank by the MSE.
2. **Credit Linked Capital Subsidy Scheme for Technology Upgradation:**  
The revised scheme aims at facilitating technology up-gradation by providing 15% up front capital subsidy to MSEs, including tiny, khadi, village and coir industrial units, on institutional finance availed by them for induction of well established and improved technologies in specified sub-sectors/products approved under the scheme.
3. **State Government Scheme:** Proposed unit may take the advantages from the respective state government scheme such as for West Bengal Government Scheme may find

[https://wbmsme.gov.in/sites/all/themes/anonymous/pdf/SAR\\_642\\_MS\\_MAT\\_Department\\_Revenuey\\_31.07.2020\\_.pdf](https://wbmsme.gov.in/sites/all/themes/anonymous/pdf/SAR_642_MS_MAT_Department_Revenuey_31.07.2020_.pdf)

- **Proposed Scheme:** Nil

- **Details of agencies who can provide guidance (CSIR, MSME TCs, Sector Council, etc):**

For the above proposed project, guidance may be taken from the MSME-DI(s), CSIR-Central Leather Research Institute and Council for Leather Export (CLE) etc.