



## INTENSIVE FLAYING CENTRE

The use of leather has substantially increased. The leather was used mainly in footwears and bags. Now-a-days all expensive furnishing sofas, chairs, car seats and a number other decorative items, leather furnishings are extensively used. The availability of raw material is plenty. The leather has export market also.

<b>1. Name of the Product</b>	:	<b>Raw Hides, Skins and Other By-Products.</b>
<b>2. Project Cost</b>	:	
(a) Capital Expenditure		
Land	:	Own
Building Shed 1500 Sq.ft.	:	Rs. 300000.00
Equipment	:	Rs. 500000.00
Total Capital Expenditure	:	Rs. 800000.00
(b) Working Capital	:	Rs. 183000.00
<b>TOTAL PROJECT COST</b>	:	<b>Rs. 983000.00</b>

**3. Estimated Annual Production of Raw Hides, Skins etc. : (Value in ₹000)**

Sl. No.	Particulars	Capacity	Rate	Total Value
1.	Raw Hides, Skins and By-Products			918.00
	<b>TOTAL</b>			<b>918.00</b>

<b>4. Raw Material</b>	:	<b>Rs. 420000.00</b>
<b>5. Labels and Packing Material</b>	:	<b>Rs. 10000.00</b>
<b>6. Wages (Skilled &amp; Unskilled)</b>	:	<b>Rs. 200000.00</b>

<b>7. Salaries</b>	<b>:</b>	<b>Rs. 72000.00</b>
<b>8. Administrative Expenses</b>	<b>:</b>	<b>Rs. 20000.00</b>
<b>9. Overheads</b>	<b>:</b>	<b>Rs. 50000.00</b>
<b>10. Miscellaneous Expenses</b>	<b>:</b>	<b>Rs. 10000.00</b>
<b>11. Depreciation</b>	<b>:</b>	<b>Rs. 65000.00</b>
<b>12. Insurance</b>	<b>:</b>	<b>Rs. 8000.00</b>
<b>13. Interest (As per the PLR)</b>		
(a) Capital Expenditure Loan	<b>:</b>	<b>Rs. 104000.00</b>
(b) Working Capital Loan	<b>:</b>	<b>Rs. 23790.00</b>
<b>Total Interest</b>	<b>:</b>	<b>Rs. 127790.00</b>
<b>14. Working Capital Requirement</b>		
<b>Fixed Cost</b>	<b>:</b>	<b>Rs. 214000.00</b>
<b>Variable Cost</b>	<b>:</b>	<b>Rs. 703790.00</b>
<b>Requirement of Working Capital per Cycle</b>	<b>:</b>	<b>Rs. 183558.00</b>
<b>15. Estimated Cost Analysis</b>		

Sl. No.	Particulars	Capacity Utilization (Rs. in ₹000)			
		100%	60%	70%	80%
1.	<b>Fixed Cost</b>	214.00	128.40	149.80	171.20
2.	<b>Variable Cost</b>	704.00	422.40	492.80	563.20
3.	<b>Cost of Production</b>	918.00	550.80	642.60	734.40
4.	<b>Projected Sales</b>	1100.00	660.00	770.00	880.00
5.	<b>Gross Surplus</b>	182.00	109.20	127.40	145.60
6.	<b>Expected Net Surplus</b>	117.00	44.00	62.00	81.00

**Note:**

- All figures mentioned above are only indicative and may vary from place to place.
- If the investment on Building is replaced by Rental Premises-
  - Total Cost of Project will be reduced.
  - Profitability will be increased.
  - Interest on Capital Expenditure will be reduced.