



PROJECT PROFILE ON LEATHER HANDBAG & PURSES

Category : Manufacturing

Total Cost of Project : Rs. 2,54,000/-

BEP : 42 %

I. INTRODUCTION OF BUSINESS IDEA :

The term leather goods is generally applied to articles manufactured out of genuine leather and intended for carrying personal belongings leather handbags and purses are important items of leather goods and available in a number of varieties based on combination of material, fashion design size colour etc. various kinds of finished leathers go in for the production of handbags and purses right from sheep nappa leather aniline semi-aniline resin finish glazed finished leathers and there is no hard and fast rule for use of specific type of leather for a specific type of bag. A most favorable point which goes in favor of this industry is the indigenous availability of raw materials and skilled labour.

II. PRODUCT AND ITS APPLICATIONS :

Normally these bags and purses are manufactured either as per buyers requirement and specifications or according to the fashion & designs that are prevalent in the market. These are used for daily use by all.

III. MARKET POTENTIAL :

The high cost of labour is a very big problem before the developed countries of the world. This is particularly applicable to items which are laboured intensive and remunerative like leather goods. Developed countries look forward to developing countries especially India which has broad based and expending technological base to under take manufacture of leather goods of various types. Quality products have good market in metropolitan cities. The product can be manufactured in the district and send out for marketing at a better price.

IV. CAPACITY / REVENUE :(1st year)

Sl. No.	Product	Nos	Rate Per kg	Sales Amount
01	Leather hand bags	1,500	500	7,50,000
02	Leather purses	3,000	290	8,70,000
	Total			16,20,000



V. MANUFACTURING PROCESS & QUALITY :

Selection of proper leather the various components of bags/Purses are cut according to the final patterns the cut components are then skived and beaded properly wherever necessary. Similarly sued/cloth lining is also cut as per the pattern and stitched with main components according to the design. The other fitting like buttons, zip, and buckles ssetc are then attached as per the final design required. The bags/purses are then finally checked finished and packed. It is a labour orientated industry and can be set up in any part of the country including the village sector. The cheaper product can also be produced by using foam leather (rexin) in place of chrome leather

VI. COST OF PROJECT AND MEANS OF FINANCE, INCLUDING WORKING CAPITAL REQUIREMENTS :

A. Cost of Project :

Sl. No.	Particulars	Amount (Rs).
1	Equipments	91,000
2	Preliminary and preoperative expenses	10,000
3	Deposits	15,000
4	Working Capital Requirements	1,38,000
	Total	2,54,000

B. Means of Finance:

Sl. No.	Particulars	Amount (Rs).
1	Loan @ 75%	1,91,000
2	Equity	63,000
	Total	2,54,000

C. Working Capital Requirement :

Sl. No.	Particulars	Basis	Period	Amount (Rs.)
1	Raw-material	$913000/12 \times 1/2$	1/2 month	38,000
2	Finished goods	$110700/12 \times 1/4$	1 week	23,000
3	Bills receivables	$1620000/12 \times 1/2$	1/2 month	67,000
4	Working exp		1m	10,000
	Total			1,38,000



VII. MAIN INPUTS REQUIREMENT :

A. Machinery :

Sl. No.	Particulars	No.	Rate	Total Cost
01.	Single needle flat bed sewing machine singer 31-T with motor & Table	4	14,000	56,000
02.	Other fixed Assets (Electrification & Installation charges, tools & equipments)		35,000	35,000
	Total			91,000

B. Raw-materials :

Sl. No.	Particulars	Qty (in sq. ft)	Rate (Rs)	Total Cost Yearly (Rs.)
A	Hand bags			
1	Chrome Tanned Nappa Leather	6,000	50	3,00,000
2	Suede Lining leather	2,270	30	68,100
3	Handle fittings	1,500	10	15,000
4	U foam, bending wire zip fastner and cardboard	1,500	25	37,500
5	Thread, solution ,Buttons, Metallic fittings	1,500	10	15,000
6	Packing	1,500	6	9,000
B	Purse			
1	Chrome Tanned Nappa Leather	6,000	50	3,60,000
2	Lining cloth	1,500	30	45,000
3	U Foam, zip Fastener, Elastic & Metallic fitting	3,000	25	75,000
4	Thread, Solution, buttons etc	3,000	10	30,000
5	Packing	3,000	6	18,000
	Total			9,13,000

C. Utilities :

Sl. No.	Particulars	Total Monthly Charges. (Rs.)	Total Annually Charges. (Rs.)
1	Electricity charges	2,000	24,000
2	Water charges	150	1800
	Total		26,000

D. Man-power requirement :

Sl. No.	Workers	No.	Monthly Salary (Rs.)	Annual Salary (Rs.)
01	Designer/Supervisor	1	8,000	96,000
02	Skilled workers	2	6,000	1,44,000
03	Helpers	2	5,000	1,20,000
	Total			3,60,000



E. MAIN INFRASTRUCTURE REQUIREMENT :

Building	1000 sq.mt rented.
Power	4 H P power connection is required.
Water	Water is required

VIII. PROFITABILITY PROJECTION (Annual) :

Particulars	Basis	Amount (Rs).
Sales Revenue (Projected)	Ref : IV	16,20,000
Raw Materials	Ref : VII B	9,13,000
Man power expenses	Ref : VII D	3,60,000
Utilities	Ref : VII C	26,000
Interest	@ 12%	22,000
Depreciation	15 % SLM	14,000
Overheads (rent and maintenance etc.)		1,00,000
Total Expenses		14,35,000
Profit		1,85,000

IX. FINANCIAL INDICATOR :

Break Even Point		
FC	1,36,000	
----- x 100	----- x 100	42%
SR-VC	3,21,000	
Payback period		
COP	2,54,000	
-----	-----	1 Year 3 months
Profit + Deprn.	1,99,000	

X. ADDRESSES :

SUPPLIERS OF MACHINERY / EQUIPMENTS :

- Sachina Engg Pvt Ltd,
Authorised dealers,
Cross road, A. Hayes,
Rihmond circle
Bangalore.

Suppliers of Raw Material :

- Bangalore Leather corporation,
58, old Bmboo bazar,
Shivijinagar,
Bangalore -51.

XI. SPECIAL NOTE :

Training in Lidkar is advisable.