

A PROJECT PROFILE ON SADDLERY & HARNESS

PRODUCT CODE	:	NIC 2004: 19123 ASIIC: 44907
QUALITY STANDARD	:	IS 1637:1973/Customers Specification
PRODUCTION CAPACITY		
QUANTITY	:	60,000/- Nos. PA
VALUE	:	Rs. 3,90,00,000.00
YEAR OF PREPARATION	:	20010-11
PREPARED BY	:	Leather Division MSME Development Institute 34, Industrial Estate, Nunhai, Agra-282006 Ph: 2280879, Fax (0562) 2280882 E-MAIL—dcidi-agra@dcmsme.gov.in

(I) INTRODUCTION

Saddlery and Harness leather is made out of Vegetable Tanned Leathers and is used as the top part of the horse back bone seat, which gives comfort in horse riding. The saddlery is flexible and possesses high degree of tensile strength due to which it lasts for a long period of time. The industry is mostly concentrated at Kanpur, Meerut (UP) and Ambala (Haryana). The horse rider uses two types of saddlery. One is for general purpose and the other is for horse show jumping. The raw material for manufacturing of saddlery is indigenously available at Phillaur, Jalandhar, Bath Kalan, Kaithal, Kolkata, Kanpur, Meerut.

(II) MARKET POTENTIAL

There is very good potential for marketing the harness and saddlery both in the Indian as well as International market. The potential centers for marketing of these products are Race Clubs, Defence Departments and Police Deptt., Model Schools, Sport Schools etc. Presently, a number of units are making harness and saddlery at Kanpur, Meerut and Ambala. Since, India has the largest cattle population and possesses the requisite technical know-how and economical labour, there exists an enormous scope for the growth of harness and saddlery units. Although, there has been a substantial growth in respect of leather, leather goods, footwear, leather garments etc., harness and saddlery sector is lagging behind.

(III) BASIS & PRESUMPTION

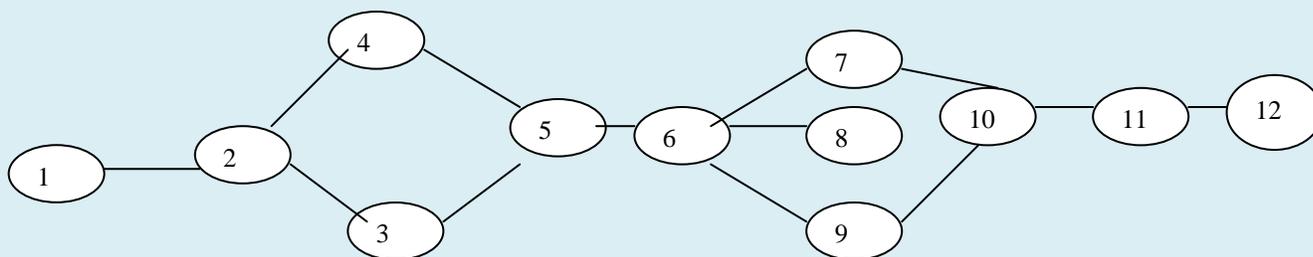
1. The capacity is based upon monthly production 200 pcs. of harness and saddler per day on Single Shift of 8-hrs. a day and 25-working days in a month.
2. It is presumed that in Ist year, the capacity utilization will be 70% followed by 85% in the next year and 100% in the subsequent year.

3. The rates quoted in respect of salaries and wages for skilled worker and others are on the basis of minimum rate in the state of U.P.
4. Interest rate for the fixed and working capital has been taken @ 15% on an average whether financed by the Bankers or Financial Institutional.
5. The margin money required is minimum (25% of the total capital investment).
6. Pay –Back period may be five years after the initial gestation period.
7. The gestation period in implementation of the project may be to the tune of 6 to 9 months which includes making all arrangements completion of all formalities, market surveys and tie-ups etc.
8. The Break even point of the scheme has been calculated on full capacity utilization basis. considering 3 months working capital.
9. Capacity be achieved at the end of three years. However, a detailed PERT/CPM/chart with implementation period has been given in the profile.

(IV). IMPLEMENTATION SCHEDULE

The implementation of the project includes various jobs / exercises such as procurement of technical know-how, transfer of technology, market survey and tie-ups, preparation of project report, selection of site, registration, financing of project, procurement of machinery and raw materials etc. recruitment of staff, commissioning of machines, trial production and commercial production etc. In order to efficiently and successfully implement the project in the shortest period the slack period is curtailed to minimum possible, and as far as possible simultaneous exercises are carried out. In view of above a CPM-PERT CHART has been illustrated below, According to which a minimum period of 227 days is involved in finally starting the project on commercial basis. By following this process a time period of 82 days can be saved.

Details of Activities



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C.P.M.

Activity	Days	Activity	Days	Particulars of activity
1-2	15	1-2	15	Procurement of Tech. know how/ transfer of technology.
3-4	15	3-4	15	Market survey, tie up andobtaining quotations.
4-5	7	2-3	7	Selection of site.

5-6	70	4-5	7	Preparation of Project report
6-7	45	5-6	70	Registration and financing.
7-10	30	6-7	45	Placement of orders for machinery and receipt of machines.
10-11	30	6-8	30	Recruitment of staff and training
11-12	15	6-9	30	Addition/Alteration in rental premises
		8-10	15	Procurement of raw material/Bought out components
		7-10	30	Erection, Electrification and Commissioning
		10-11	30	Trial Production
		11-12	15	Commercial Production
		227 days	309 days	

(V) PRODUCTION DETAIL AND PROCESS OF MANUFACTURE :-

Vegetable tanned leather is buffed and cut to the standard pattern with the help of clicking press and clicking dies. Then they are split to required thickness of the end product. These cut components are moistened and moulded in the moulding press to get the desired shape of the product. After the desired shape of the saddlery is achieved, the materials are taken off the moulding press and dried in the hot chamber. Then the sides of material are nicely trimmed off.

The 2 nos. of side flaps 17" X 12" each, 2 nos. of long belts (1½" wide and 5 Feet long) and one single belt 36" long are fitted.

Then the whole saddlery is finished by spraying pigmented lacquer to the desired column and allowed to dry before packing.

(VI) QUALITY CONTROL AND STANDARD:

The BIS quality specification IS 1637:1971 is to be followed for supply into local market. The International customer may give his own specifications and product should conform to those standards.

(VII) PRODUCTION CAPACITY (per annum):

Quantity: 60,000 nos. of Harness and saddlery
Value: Rs. 3,90,00,000/-

(VIII) POWER REQUIREMENT:

7.5 KW

(IX) POLLUTION CONTROL:

This process is pollution free, however NOC from the Pollution Department may be obtained.

(X) FINANCIAL ASPECTS:**1. Fixed Capital****(A) LAND & BUILDING:**

(a)	Land 600 Sq mtrs	=	Rs. 3,00,000.00
(b)	Office Building, Stores etc.	=	Rs. 2,50,000.00
(c)	Workshop Shed 200 sq. mtrs	=	<u>Rs 6,00,000.00</u>
	TOTAL	=	Rs.11,50,000.00

(B) MACHINES & EQUIPMENTS:

S.No.	Description	Nos.	Ind/Imp	Total Value (Rs.)
1.	Hydraulic Clicking Press with set of clicking dies.	1	Ind	2,00,000.00
2.	Moulding Press (Hydraulic) with Heating arrangements and sets of moulds	1	Ind	3,00,000.00
3.	Heavy Leather Splitting M/c 60 cm width	1	Ind	70,000.00
4.	Trimming Machine	1	Ind	25,000.00
5.	Buffing Machine with dust collector	1	Ind	1,00,000.00
6.	Strap Cutting Machine	1	Ind	25,000.00
7.	Spray Booths with two spray guns and compressor	1	Ind	30,000.00
8.	Hot Chamber for drying	1	Ind	25,000.00
9.	Generator 5 KW	1	Ind	50,000.00
10.	Office equipments & Furniture			50,000.00
11.	Workshop Furniture and Fixture		Ind	20,000.00
11.	Tools and Equipments			10,000.00
12.	Installation and electrification charges at 10% on total value of Machine.			82,500.00
		Total		Rs 9,87,500.00
(C)	PRE OPERATIVE EXPENSES:			
	Pre operative Expenses			22,500.00
	Total (A+B+C) :		Rs.	21,60,000.00

2. Staff and Labor (per month):-

S.No.	Description	No.	Salary @	Total Value (Rs.)
(a) Administrative & Supervisory				
	i) Manager	1	15,000	15,000.00
	ii) Supervisor	1	8,000	8,000.00
	iii) Accountant-cum-Cashier	1	6,000	6,000.00
	iv) Clerk cum computer operator	1	5,000	5,000.00
	v) Mechanic/ Generator Operator	1	4,000	4,000.00
	vi) Peon	1	3,000	3,000.00
	vii) Sweeper (Part Time)	1	2,000	2,000.00
	viii) Watchman	3	3,000	9,000.00
(b) Skilled and unskilled workers				
	ix) Machine Operators	6	5,000	30,000.00
	x) Skilled worker	4	4,500	18,000.00
	xi) Helpers	6	3,000	18,000.00
			Total	1,18,000.00
	Add 20 % Perks			<u>23,600.00</u>
			G.Total	1,41,600.00

(3) Raw Material (per month):-

S.No.	Description with specification	Qty.	Rate	Value (Rs.)
i).	Vegetable Tanned leather (@ 4 Kg per saddlery for 5000 pcs.)	20,000 Kgs.	120.00	24,00,000.00
ii).	Finishing Chemicals, Buckles & other grinders and packing etc.		50.00 per pc	<u>2,50,000.00</u>
			Total	Rs. 26,50,000.00

(4) UTILITIES (P.M.)

i) Power	7,500.00
ii) Fuel	2,000.00
iii) Water	<u>500.00</u>
Total	Rs 10,000.00

(5) OTHER EXPENSES (P.M.)

i) Postage and Telephones	2,000.00
ii) Transport	1,000.00
iii) Consumable store	1,000.00
iv) Sales Expenses / Advt.	5,000.00
v) Entertainment	2,500.00
vi) Insurance	1,000.00
vii) Other Contingencies	<u>5,000.00</u>
Total	Rs 17,500.00

XI) WORKING CAPITAL (PER MONTH)

i) Salaries and wages	1,41,600.00
ii) Raw Material and chemicals	26,50,000.00
iii) Utilities	10,000.00
iv) Other Expenses	<u>17,500.00</u>

Total Rs **28,19,100.00**

Say **28,20,000.00**

(XII) WORKING CAPITAL (FOR THREE MONTHS) :-

Rs. 28,20,000X3 = 84,60,000.00

(XIII) TOTAL CAPITAL INVESTMENT:-

Fixed capital: 21,60,000.00

Working capital for 3 months: 84,60,000.00

Total Rs **1,06,20,000.00**

(XIV) COST OF PRODUCTION (PER ANNUM):-

(a) Total Recurring expenditure 3,38,40,000.00

(b) Depreciation on Machinery @ 10% 82,500.00

(c) Depreciation on Building @ 5% 42,500.00

(d) Depreciation on tools & equip. and Furniture etc. @ 20% 16,000.00

(e) Interest on Total Capital Investment @ 14% 15,93,000.00

Total: **3,55,74,000.00**

(XV) TOTAL SALES (PER ANNUM):-

60,000 pcs of Saddlery and Harness @ Rs 650/- per pc Rs 3,90,00,000.00

(XVI) PROFITABILITY(Per Annum):-

Sales - Cost of Production

3,90,00,000-3,55,74,000

= **Rs 34,26,000.00**

(XVII) NET PROFIT RATIO:-

Profit x 100

Sales per Annum

34,26,000X 100

3,90,00,000

= **8.78 %**

(XVIII)

RATE OF RETURN:-

Profit x 100

Total investment

34,26,000X 100

1,06,20,000

= **32.26%**

(XIX) BREAK EVEN POINT: -

Fixed Cost (per annum)

(a) 40 % of Salaries	6,79,680.00
(b) 40 % of Utilities	48,000.00
(c) Depreciation	1,41,000.00
(d) Insurance	12,000.00
(h) Interest on total capital Investment	<u>15,93,000.00</u>
Total	Rs 24,73,680.00

Break Even Point

$$= \frac{\text{Fixed Cost} \times 100}{\text{Fixed cost} + \text{profit per year.}}$$

$$= \frac{24,73,680 \times 100}{24,73,680 + 34,26,000}$$

41.93%

(XX) LIST OF MACHINERY AND RAW MATERIAL SUPPLIERS

Name & Address of Machinery and Equipment Suppliers.

1. M/s. Harman Sales Pvt. Ltd.
201/A, Byculla Service Ind. Estate,
Dadaji Kondeo Marg, Byculla,
Mumbai-400 027
2. M/s Bharat Sales Agencies
14, Maruti Lane, Near Handloom House,
Fort, Mumbai – 400 001.
3. M/s Indo German Shoe Machine Co. Pvt. Ltd..
107, Govt. Indl. Estate, Kondivilli (West)
Mumbai - 400 067.
4. M/s Benson Industries,
96, Sri Arobibdo Road, Salkia,
Howrah – 711 106
5. M/s Shalimar Engg. Works (P) Ltd.
12-B, Prabhunath Sarkar Lane,
Kolkata – 700
6. Prototype Development cum Training Centre
Sector B-24, P.O.Ekkaduthangal, Guindy Indl. Estate,
Chennai 600 097

Names & Addresses of Raw Material Suppliers

1. M/s Pioneer Tannery,
Jajmau, Kanpur
2. M/s Zaz Tannery,
Jajmau, Kanpur
3. M/s Asia Tannery
Jajmau, Kanpur
4. M/s S.K.Omkar Tannery
Nurmahal Road, Phillaur,
Distt. Jalandhar.
5. M/s Clariant India Ltd.
129, Matheswartala Road,
Kolkata – 700 046
6. M/s Bayer India Ltd.
749, Anna Salai,
Chennai 600 002
7. Indofil Chemicals Ltd.
Nirlon House, Dr. Annie Besant Road,
Mumbai 400 025.
8. Balmer Laurie and Co.
10, Spur Tank Road, Chetput,
Chennai.