NAME OF THE PRODUCT : SAFETY LEATHER HAND GLOVES.
PRODUCT CODE : 292007000.
QUALITY & STANDARD : The following Indian Standard Specifications are available to guide the manufacturer of industrial hand gloves and to maintain quality control. 
Leather gauntlets for workers IS 2573:1963. 
The split chrome leather used must have been processed properly to given the required pliability and stitch tear strength for assuming quality of gloves produced. The thread used for stitching must also conform to the prescribed standard.

PRODUCTION CAPACITY :
Quantity 75,000 Pairs (Per Annum) 
Value Rs. 3,26,100/-

PREPARED BY : MSME - Development Institute, 
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PROJECT PROFILE
ON
SAFETY LEATHER HAND GLOVES

PART-II

INTRODUCTION:

Safety Leather Hand Gloves serve as an item protective apparel for workers in factories. Hand gloves are various types and size. Fast moving sizes are 14", 16", 18" etc. The materials that go in the production of hands gloves vary from cotton fabrics and asbestos to verity of leathers. However, since supreme the production of Safety Leather Hand Gloves. Amongst leather chrome tanned split leather is predominantly in use possibly because of its cheap price and peculiar qualities needed for hand gloves as compared to other kind of leather. Chorme tanned split leather imparts special qualities to withstand roughness of the handling material and given enough flexibility and softness for the hand to move in the gloves easily and swiftly while working in the workshop. Such Safety Leather hand gloves are widely used in industry, Railway and Defence. Due to rapid industrialization and expansion of railways the use of safety leather hand gloves are expected to grow considerably.

MARKET POTENTIAL:

Looking to the internal and external demand it appears that we are not in a position to cope with the demand and such there is a good scope for starting new units for manufacture of safety leather hand gloves. Fortunately, the raw material is available in the country especially split leather due to increase in production of finished leathers based on hides.

BASIS & PRESUMPTIONS:

1. The production is based on a single shift basis of 8 hours per day and 25 working days in a month.

2. Time period for achieving full capacity utilisation is 3 years.
3. Labour will be engaged on monthly basis keeping in view the present rate prevailing in the market.

4. Rate of interest for fixed and working capital @ 14% per annum.

5. Margin money 25%.

6. Land and building, rented. Built up area, 100 sq. metres.

IMPLEMENTATION SCHEDULE

It will take one year to complete all the formalities before starting the commercial productions.

TECHNICAL ASPECTS

Process of Manufacture:
The leather is checked for uniform thickness, holes and flying cuts, if any. It is then marked with the pattern and then cut with the help of scissors or clicking knife into different components. After stitching all the components suitably, the gloves are tuned inside out. The gloves are then ready for packing and dispatch.

PRODUCTION CAPACITY (Per Annum):

<table>
<thead>
<tr>
<th>Quantity</th>
<th>75,000 Pairs (Per Annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>Rs. 3,26,100/-</td>
</tr>
</tbody>
</table>

POLLUTION CONTROL:

This industry does not create any kind of pollution and as such there is no need to take any preventive measure for pollution control.

FINANCIAL ASPECTS:

(A) Fixed Capital

(i) Land & Building:

Covered Area (100 Sq. Metres) Rented @ Rs. 5,000/- p.m. : Rs. 5,000/-
(ii) **Machinery & Equipments**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Machinery Description</th>
<th>Imp/Ind</th>
<th>Qty Nos</th>
<th>Rate (Rs.)</th>
<th>Value (In Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Flat Bed Single needle industrial Sewing Machine Power Operated ½ HP Motor.</td>
<td>Ind.</td>
<td>5</td>
<td>10000</td>
<td>50,000/-</td>
</tr>
<tr>
<td>2.</td>
<td>Cylinder bed single needle machine power operated ½ HP Motor</td>
<td>Ind.</td>
<td>2</td>
<td>15000</td>
<td>30,000/-</td>
</tr>
<tr>
<td>3.</td>
<td>Cost of tools and fixtures</td>
<td></td>
<td></td>
<td></td>
<td>10,000/-</td>
</tr>
<tr>
<td>4.</td>
<td>Cost of office furniture and workshop furniture</td>
<td></td>
<td></td>
<td></td>
<td>35,000/-</td>
</tr>
<tr>
<td>5.</td>
<td>Electrification and installation of machinery @ 10%</td>
<td></td>
<td></td>
<td></td>
<td>8,000/-</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>1,33,000/-</strong></td>
</tr>
</tbody>
</table>

(iii) **Pre-operative Expenses**

5,000/-

(iv) **Total Fixed Capital:** (ii) + (iii) = 1,38,000/-

(B) **Working Capital (per month)**

(i) **Staff & Labour (Per Month):**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Personnel</th>
<th>No.</th>
<th>Rate(Rs.)</th>
<th>Amount ( In Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Manager</td>
<td>1</td>
<td>12,000/-</td>
<td>12,000/-</td>
</tr>
<tr>
<td>2.</td>
<td>Supervisor</td>
<td>2</td>
<td>10,000/-</td>
<td>10,000/-</td>
</tr>
<tr>
<td>3.</td>
<td>Accountant/Storekeeper</td>
<td>1</td>
<td>8,000/-</td>
<td>8,000/-</td>
</tr>
<tr>
<td>4.</td>
<td>Clerk-cum-Cashier</td>
<td>1</td>
<td>6,000/-</td>
<td>6,000/-</td>
</tr>
<tr>
<td>5.</td>
<td>Watchman-cum-Peon</td>
<td>1</td>
<td>5,000/-</td>
<td>5,000/-</td>
</tr>
<tr>
<td>6.</td>
<td>Sweeper (Part Time)</td>
<td>1</td>
<td>3,000/</td>
<td>3,000/-</td>
</tr>
<tr>
<td>7.</td>
<td>Skilled Workers</td>
<td>7</td>
<td>6,000/-</td>
<td>42,000/-</td>
</tr>
<tr>
<td>8.</td>
<td>Unskilled Workers</td>
<td>4</td>
<td>5,000/-</td>
<td>20,000/-</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td><strong>1,06,000/-</strong></td>
</tr>
</tbody>
</table>

Perquisites @ 15% on the total salary

15,900/-

**Grand Total**

1,21,900/-

(ii) **Raw Material (Per month):**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Item description</th>
<th>Qty.</th>
<th>Rate (Rs.)</th>
<th>Value (In Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Chrome tanned split leather (3.5 pairs per kg)</td>
<td>1786 Kg</td>
<td>45/Kg</td>
<td>80,370/-</td>
</tr>
<tr>
<td>2.</td>
<td>Thread</td>
<td>6250 Pairs</td>
<td>0.70/Pair</td>
<td>4,375/-</td>
</tr>
<tr>
<td>3.</td>
<td>Cartons for Packing</td>
<td>65 Nos.</td>
<td>35/Carton</td>
<td>2,275/-</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td><strong>87,020/-</strong></td>
</tr>
</tbody>
</table>
(iii) Utilities: (Per Month)

1. Power  Rs. 4,000/-
2. Water  Rs. 500/-
**Total:**  Rs. **4,500/-**

(iv) Other Contingent Expense (Per Month):

1. Rent  Rs. 5,000/-
2. Postage & Stationery  Rs. 500/-
3. Repair & Maintenance  Rs. 1,000/-
4. Transportation Charges  Rs. 1,000/-
5. Telephone  Rs. 1,000/-
6. Advertisement & Publicity  Rs. 1,000/-
7. Insurance  Rs. 500/-
8. Misc. Expenses  Rs. 1,000/-

**Total:**  Rs. **11,000/-**

(v) Total Recurring expenses (per month):

i. Staff & Labour  Rs. 1,21,900/-
ii. Raw Material  Rs. 87,000/-
iii. Utilities  Rs. 4,500/-
iv. Other contingent expenses  Rs. 11,000/-

**Total:**  Rs. **2,24,400/-**

(vi) Total Working Capital for 3 months: 2,24,400/- X 3  =  Rs.6,73,200/-

(C) TOTAL CAPITAL INVESTMENT:

1. Fixed Capital  Rs. 1,38,000/-
2. Working Capital for 3 months  Rs. 6,73,200/-

**Total:**  Rs. **8,11,200/-**

FINANCIAL ANALYSIS:

(1) Cost Of Production (Per Annum)

1. Total Recurring Expenditure  Rs. 26,92,800/-
2. Depreciation on Machinery @ 10%  Rs. 8,000/-
3. Depreciation on tools and equipment @ 25%  Rs. 2,500/-
4. Depreciation on furniture @ 20%  Rs. 7,000/-
5. Interest on Total Capital Investment @ 14%  Rs. 1,13,600/-

**Total:**  Rs. **28,23,900/-**
(2) Turn Over (per year) by Sales

<table>
<thead>
<tr>
<th>Products</th>
<th>Quantity (Nos.)</th>
<th>Rate (Rs.)</th>
<th>Value (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety Leather Hand Gloves</td>
<td>75,000 Pairs</td>
<td>42/Pairs</td>
<td>31,50,000/-</td>
</tr>
</tbody>
</table>

(3) Net Profit (per year) (Before Income Tax)

Annual Turnover (-) Cost of Production
31,50,000/- (-) 28,23,900/- Rs. 3,26,100/-

(4) Net Profit Ratio:

\[
\frac{\text{Net profit} \times 100}{\text{Turn Over/Annum}} = 10.35\%
\]

(5) Rate of Return on Investment:

(Net Profit/Total Capital Investment)

\[
\frac{\text{Annual Profit} \times 100}{\text{Total Capital Investment}} = 40.19\%
\]

(6) Break Even Point/Analysis:

Fixed Cost (Per Annum):

1. Rent Rs. 60,000/-
2. Total Depreciation Rs. 17,500/-
3. Interest on Capital Investment Rs. 1,13,600/-
4. 40% of Wages of Staff & Labour Rs. 5,85,120/-
5. 40% of other contingent expenses and utilities Rs. 50,400/-
6. Insurance Rs. 6,000/-

Total Fixed Cost: Rs. 8,32,620/-

Break Even Point:

\[
\frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost + Annual Profit}} = 71\%
\]
Name & Addresses of Machinery & Equipment Suppliers

Sl.No. | Name & Address
---|---
2. | M/s. Industrial Sewing Machine Co. Ltd.,  	Kakad Chambers, 5th Floor,  	Dr. Annie Besant Road,  	Mumbai
3. | M/s. Peelu Sales Corporation,  	Meera Hussani Chouraha,  	Hing Ki Mandi,  	Agra (U.P.)
Pallavaram,  
Chennai-43
5. | M/s. Usha Leather Industries,  
Dharavi,  
Mumbai-17
6. | M/s. Mehala Machines India,  
P. Road, Kanpur.
7. | M/s. Jai Laxmi Impex,  
Plot No. 2, Gopal Nagar, Kanpur-208011.

Name & Addresses of Raw Material Suppliers

1. | Local Tanneries of Kanpur.

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