Profile No.: 55 **NIC Code: 14104**

LEATHER BELT

1. INTRODUCTION:

Leather belt is a popular item of leather used by everyone. The school going children, young and old invariably wear a waist belt as an item of dress. It has a functional value besides being a fashion item. The actual use of this belt is to keep the pant tight at the waist. They are made in different widths and lengths to suit customers of all age groups and build. The leather used is plain or chrome tanned cowhides of even substance in different colors and shades of mainly black and brown. The buckles used are in different attractive designs and plated. They are detachable and fitted as per customer's choice. Leather belts are more comfortable in use and long lasting than belts made of other materials. The manufacturing process of these belts are very simple. This item can easily be fabricated by small scale/cottage scale units

2. PRODUCT & ITS APPLICATION:

The term "leather belt" can be very misleading. It can be used to describe many different types of belts that vary in quality and price. All these belts look like a simple strip of leather with a buckle, but conceptual differences abound in their manufacturing process. Depending on the exact material, a leather belt can exhibit different levels of strength, durability and flexibility.

Synthetic Leather Belt: The synthetic leather contains no leather at all. It is made out of polymer that gives the appearance and feel of leather. Their manufacture is very easy, which makes them highly affordable and accessible in all sorts of colors, designs, and patterns. Faux leather belts are a good choice for those who wish to swap different belts with their wardrobe. They are not very durable, but if you do not use them often, they can last for years.

Bonded Leather Belt: Bonded leather belts represent the most affordable real leather option on the market. These belts are created by pressing together leather waste scraps. The small leather fibers are glued together and treated to look like a single piece of leather. Very cost-efficient, the process results in a cheap alternative to genuine leather belts.

Genuine Leather Belt: Genuine leather belts contain higher-grade leather. They may still have layers of leather scraps, but only as a fill in the middle. The outer layers are top-grain leather, which increases its strength and durability. This type of belt is considerably cheaper compared to one made solely out of top-grain leather. With a little maintenance, a real leather belt can serve its purpose for a very long time.

Full Grain Leather Belt: The highest-grade leather belt, full grain leather belts are constructed out of top-grain leather, found only on the top layers of the animal's skin. This layer may contain blemishes, but that only adds to the belt's charm. In terms of durability, flexibility and strength, a full grain belt is unmatched. However, one can cost as much as several bounded leather belts. Full grain belts are a good choice for those who priorities quality over quantity.

Formal or Casual: Leather belts are an essential part of men's formal clothing, and a few rules apply to choosing an appropriate one. The chosen men's formal belt should be same color, contrast, hue, and tone as the shoes. In addition, it should measure between 3 and 4.5 cm wide and 3 mm thick. Men's casual belts are not that constrictive and do not need to be leather at all. Still, many casual leather belts can be an interesting addition to your wardrobe.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Graduate in any graduate.

4. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

The market for belts is estimated at Rs 8.5 billion which includes leather belts, leather lookalikes and fabric belts. Leather belts command the highest market share of 41%, followed closely by leather lookalikes at 31% and fabric belts at 28%. Leather belts are

mostly purchased from organized formats owing to the assurance factor attached to their quality. Presence of brands is limited and there are a handful of branded players which offer belts as a part of their extended portfolio. In India, leather industry is in a predominant position with substantial export revenue generation and thereby providing economic growth. Indian leather industry is one among the top 8 industries for export revenue generation in India, holding 10% of the global raw material, and 2% of the global trade. India enjoys competitive benefits such as availability of abundant raw material, cheap and skilled labor, supporting institutions for industrial developments, and supportive domestic market. A recent survey states that India has the largest livestock in the world. Moreover, the country possesses the largest population of buffaloes, goat, and sheep. India also has the world's largest technically trained manpower in leather craft, which enables it to surpass its competitors in the global market. The major markets for Indian Leather & Leather Products are Germany with a share of 12.32%, the USA 11.83%, U.K. 11.57%, Italy 7.76%, France 5.72%, Hong Kong 6.50%, Spain 5.41%, Netherlands 3.46%, China 2.99%, Denmark 1.29%, UAE 4.3%, and Belgium 1.68%.

5. RAW MATERIAL REQUIREMENTS:

The major raw materials are chrome tanned upper leather and split upper. Other required materials are the buckle, thread, solution etc. Additionally, you will also need to arrange the packaging consumables.

6. MANUFACTURING PROCESS:

After selecting the right leather, cut the belts of different sizes by strap cutting machine. Additionally, skive it from the edges. Similarly, cut the lining of the same sizes of required leather. Then, fold the skived edges. Then the lining attached by paste. After pasting the belts, stitch them with help of stitching machine. Additionally, trim the excess of lining properly. Then carry out the other operations like buckle attaching edge setting punching according to the design. Finally, inspect the belts properly and then pack. Finally, you must maintain the quality control and standards in leather belt manufacturing. Basically, you must

procure the good quality raw materials, select appropriate designs and perform strict supervision during the manufacturing process.

7. MANPOWER REQUIREMENT:

The enterprise requires 6 employees as detailed below**:**

Sr. No.	Designation of Employees	Salary Per Person	Monthly Salary ₹	Number of employees required				
				Year-1	Year-2	Year-3	Year-4	Year-5
1	Machine Operators	12,000	12000.00	1	1	1	1	1
2	Helpers	8,000	16000.00	2	2	2	3	3
3	Production supervisor	15,000	0.00	0	0	0	0	0
4	Accounts/Stores Asst	12,500	12500.00	1	1	1	1	1
5	Office Boy	9,000	9000.00	1	1	1	1	1
	Total		49500.00	5	5	5	6	6

8. IMPLEMENTATION SCHEDULE:

The project can be implemented in 3 months' time as detailed below:

Sr. No.	Activity	Time Required *(in months)*
1	Acquisition of premises	1.00
2	Construction (if applicable)	1.00
3	Procurement & installation of Plant & Machinery	1.00
4	Arrangement of Finance	2.00
5	Recruitment of required manpower	1.00
	Total time required *(some activities shall run concurrently)*	3.00

9. COST OF PROJECT:

The project shall cost ₹ 3.63 lacs as detailed below:

Sr. No.	Particulars	₹ in Lacs
1	Land	0.00
2	Building	0.00
3	Plant & Machinery	1.50
4	Furniture, Electrical Installations	0.25
5	Other Assets including Preliminary / Pre-operative expenses	0.38
6	Margin for Working Capital	1.50
	Total	**3.63**

10. MEANS OF FINANCE:

Bank term loans are assumed @ 75 % of fixed assets.

Sr. No.	Particulars	₹ in Lacs
1	Promoter's contribution	0.91
2	Bank Finance	2.72
	Total	**3.63**

11. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 1.50 lacs as detailed below:

Sr. No.	Particulars	Gross Amt	Margin %	Margin Amt	Bank Finance
1	Inventories	0.75	0.25	0.19	0.56
2	Receivables	0.38	0.25	0.09	0.28
3	Overheads	0.38	100%	0.38	0.00
4	Creditors	-		0.00	0.00
	Total	1.50		0.66	0.84

12. LIST OF MACHINERY REQUIRED:

A detail of important machinery is given below: Power Requirement: 3 HP

Sr. No.	Particulars	UOM	Qtty	Rate (₹)	Value (₹ in Lacs)
	Plant & Machinery / equipments				
a)	***Main Machinery***				
i.	Strap cutting machine	NOS.	1	25000	0.25
ii.	Upper Leather skiving machine	Nos	1	50000	0.50
iii.	Sewing Machine	Nos	2	22000	0.44
b)					
i.	Side creasing machine	Nos	1	10,000	0.10
ii.	Hand tools	NOS.	1	21000	0.21
	sub-total Plant & Machinery				**1.50**
	Furniture / Electrical installations				
a)	Office furniture	LS	1	10000	0.10
b)	Stores Almirah	LS	1	5,000	0.05
c)	Computer & Printer	L. S.	1	10000	0.10
	sub total				**0.25**
	Other Assets				
a)	preliminary and preoperative				0.38
	sub-total Other Assets				0.38
	Total				**2.13**

13. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year-1	Year-2	Year-3	Year-4	Year-5
1	Capacity Utilization	%	60%	70%	80%	90%	100%
2	Sales	₹. In Lacs	9.00	10.50	12.00	13.50	15.00
3	Raw Materials & Other direct inputs	₹. In Lacs	6.07	7.08	8.09	9.10	10.11
4	Gross Margin	₹. In Lacs	2.93	3.42	3.91	4.40	4.89
5	Overheads except interest	₹. In Lacs	2.38	2.53	2.83	2.92	2.98
6	Interest	₹. In Lacs	0.27	0.27	0.18	0.14	0.11
7	Depreciation	₹. In Lacs	1.05	0.75	0.53	0.38	0.34
8	**Net Profit before tax**	₹. In Lacs	**-0.77**	**-0.13**	**0.37**	**0.97**	**1.46**

14. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 63.17 % of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales at full capacity	₹. In Lacs	15.00
2	Variable costs	₹. In Lacs	10.11
3	Fixed costs incl. interest	₹. In Lacs	3.09
4	BEP = FC/(SR-VC) x 100 =	% of capacity	63.17%