

KHADI & V.I. COMMISSION
PROJECT PROFILE FOR GRAMODYOG ROJGAR YOJNA
PROJECT PROFILE ON PRODUCTION OF SHELLAC VARNISH
(FRENCH POLISH IMPROVED QUALITY)

The Shellac Varnish due to its high quality and smooth shining has a good demand than the Chemical Varnish. It is lasting for more duration. The offices, hotels and houses are extensively used Shellace Varnish for style and strength.

1	Name of the Product	:	Production of Shellac Varnish
2	Project Cost	:	
	a Capital Expenditure		
	Land		
	Building Shed 1500 sq.ft.	Rs.	300000.00
	Equipment	Rs.	8000.00
	Stainless steel vat with lid & stopcock atbottom, stand, Mechanical stirrer 1/2 h.p.electrical motor with speed regulator, S.S.reservoir for filtered varnish with lid, weighing balance, measuring cylinders sp.gravity meter etc.		
	Total Capital Expenditure	Rs.	308000.00
	b Working Capital	Rs.	60000.00
	TOTAL PROJECT COST	: Rs.	368000.00

3 Estimated Annual Production of Varnish (Value. In '000)

Sr.No.	Particulars	Capacity	Rate	Total Value
1	Shellac Varnish	4540.00	78.00	3.54
	TOTAL	4540.00		3.54

4	Raw Material	:	Rs. 220000.00
5	Lables and Packing Material	:	Rs. 1000.00

6	Wages (Skilled & Unskilled)	: Rs.	32000.00
7	Salaries	: Rs.	36000.00
8	Administrative Expenses	: Rs.	1000.00
9	Overheads	: Rs.	12000.00
10	Miscellaneous Expenses	: Rs.	1000.00
11	Depreciation	: Rs.	15800.00
12	Insurance	: Rs.	3080.00
13	Interest (As per the PLR)		
	a. C.E.Loan	: Rs.	40040.00
	b. W.C.Loan	: Rs.	7800.00
	Total Interest	Rs.	47840.00
14	Working Capital Requirement	:	
	Fixed Cost	Rs.	81120.00
	Variable Cost	Rs.	272800.00
	Requirement of WC per Cycle	Rs.	58987.00

15 Estimated Cost Analysis

Sr.No.	Particulars	Capacity Utilization(Rs in '000)			
		100%	60%	70%	80%
1	Fixed Cost	81.12	48.67	56.78	64.90
2	Variable Cost	273.00	163.80	191.10	218.40
3	Cost of Production	354.12	212.47	247.88	283.30
4	Projected Sales	400.00	240.00	280.00	320.00
5	Gross Surplus	45.88	27.53	32.12	36.70
6	Expected Net Surplus	30.00	12.00	16.00	21.00

Note : 1. All figures mentioned above are only indicative and may vary from place to place.

2. If the investment on Building is replaced by Rental then

- Total Cost of Project will be reduced.
- Profitability will be increased.
- Interest on C.E.will be reduced.