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 at bottom, 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)

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Particulars</th>
<th>Capacity</th>
<th>Rate</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shellac Varnish</td>
<td>4540.00</td>
<td>78.00</td>
<td>3.54</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>4540.00</td>
<td></td>
<td>3.54</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Particulars</th>
<th>Capacity Utilization (Rs in ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>Fixed Cost</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Variable Cost</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Cost of Production</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Projected Sales</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Gross Surplus</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Expected Net Surplus</td>
<td></td>
</tr>
</tbody>
</table>

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
   a. Total Cost of Project will be reduced.
   b. Profitability will be increased.
   c. Interest on C.E. will be reduced.