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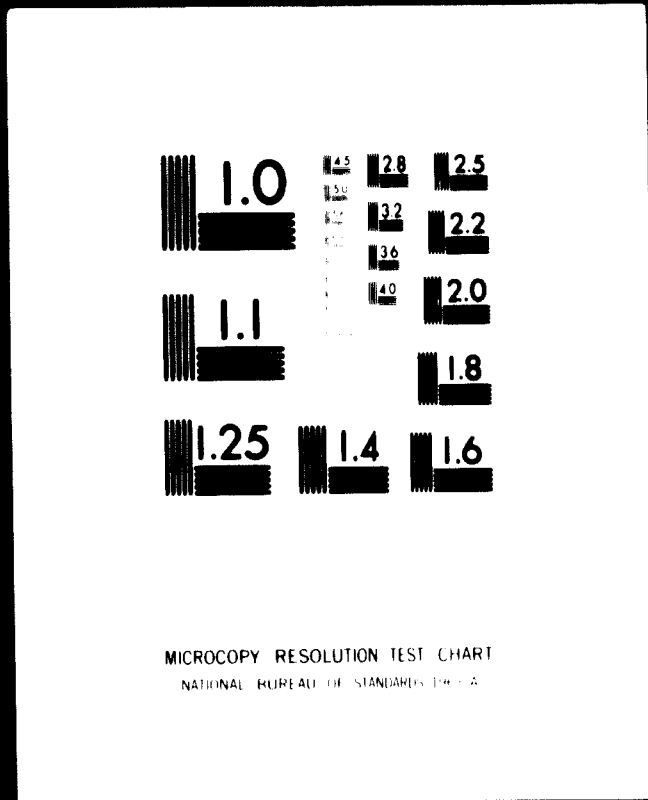
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United Nations Industrial Development Organization

Third Asian Meeting to Promote
Industrial Projects

Kuala Lumpur, Malaysia, 14-21 November 1973

Project Information Sheet

TANNERY AND SHOE MANUFACTURE

COUNTRY

Bangladesh

PROJECT

Tannery and Shoe Manufacture

Capacity: Tanning 300,000 hides
and 750,000 skins per annum;
manufacture of 180,000 pairs of
shoes and 100,000 pairs of boots
per annum.

Total Investment: US \$2,532,000

FOREIGN CONTRIBUTION REQUIRED

Long term loans

Supplier's Credit

Minority Equity Participation

Sponsored by: The Economic Commission for Asia and the Far East (ECAFE) and
the United Nations Industrial Development Organization (UNIDO).

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IMPORTANT NOTICE

The basic purpose of this Meeting is to provide an Exchange or Market Place for the initiation of contacts on specific industrial projects between their proponents from the Asian countries and potential suppliers of capital, finance, equipment or know-how, as the case may be, from the industrialized countries.

This Project Information Sheet has been prepared as a basis for such contacts. Its purpose is not to present detailed information about the project but to provide the recipient with an outline sufficient to determine tentative interest in principle. Any further available information on the project will be furnished on request to interested parties at the Meeting.

Experience has shown that industrialists frequently prefer to carry out their own further investigations in detail into projects in which they are interested, but assistance from UNIDO in these matters can be rendered to the Asian country concerned on request.

This Information Sheet contains only the information supplied to UNIDO by the proponent of the Project. UNIDO can therefore take no responsibility for its accuracy.

TANNERY AND SHOE FACTORY

I. THE PROJECT

It is proposed to establish a new plant for the tanning of hides and skins and the manufacture of shoes. The tannery section will have a capacity for processing 300,000 pieces of hides and 750,000 pieces of skins per annum. The shoe manufacturing section will have a capacity of 180,000 pairs of shoes and 100,000 pairs of boots per annum. The types of leather to be used will consist of synthetic resin plastic finished leather from cowhides and goatskins and suede, sumner and embossed leathers, etc. The factory will produce men's, ladies' and children's footwear of different styles. It is estimated that the factory will produce at 90 - 100 % of its installed capacity during its initial years of operation.

II. COMMERCIAL ASPECTS

The estimated total production of finished leather (excluding the quantity for the manufacture of shoes and boots) is 9,000,000 sq.ft. worth US.\$7,004,915. Of this, 1,400,000 sq.ft. worth US.\$1,939,515 (28 % of sales), will be sold on the domestic market. The remaining 7,600,000 sq.ft. will be exported to Europe, Japan and America at an estimated total price of US.\$5,065,400 (72 % of total sales). It is estimated, that the average cost of finished leather from goatskins will be US.\$0.90 per sq.ft. and the average unit ex-factory price will be US.\$1.00 per sq.ft. The cost of finished leather from cowhides is estimated at US.\$ 0.44 per sq.ft. while its ex-factory price is put at US.\$0.49 per sq.ft. The average cost of boots and shoes is estimated at US.\$4.26 per pair while the ex-factory price is US.\$5.53 per pair.

III. PHYSICAL ASPECTS

(a) Land and building

Land is available but building and ancillaries will have to be constructed.

(b) Raw material

Cow hides and goatskins as well as upper leather will be locally available from the tannery section. Sole leather for shoes will be obtained from existing local tanneries.

(c) Labour force

The project will employ about 100 persons in various categories, including 63 semi-skilled and unskilled labour.

(d) Infrastructure and utilities

The necessary infrastructure will have to be built as required. Water, electricity and fuel are available. There may be a need for the installation of 4" diameter tube well...

IV. FINANCIAL ASPECTS

a) Estimated total investment

	<u>Local</u> <u>Currency</u> US.\$	<u>Foreign</u> <u>Currency</u> US.\$	<u>Total</u> <u>Currency</u> US.\$
<u>Fixed Assets</u>			
Land and site development	80,000		80,000
Building and ancillaries	426,000		426,000
Machinery, equipment (including delivery and erection)	864,000	850,000	1,714,000
<u>Other investments</u>			
Engineering, training and interest during construction, etc	53,000	13,000	66,000
Start-up expenses	187,000		187,000
Contingencies	59,000		59,000
	<u>1,669,000</u>	<u>863,000</u>	<u>2,532,000</u>

N.B.: Working capital will be estimated at a later stage.

b) Financing Plan

The proponents are seeking a 49% foreign equity participation, loans, suppliers credit and other credits. All these will be the subject for negotiations.

o) Estimated Profitability

		<u>US.\$</u>
Total Sales Revenue		7,005,000
Direct Manufacturing Cost:		
- Salaries and wages	84,000	
- Materials	4,957,000	
- Utilities	12,000	
- Factory Overhead	708,000	
- Interest on loan	132,000	
- Contingencies	12,000	
	<hr/>	
	5,905,000	
Administrative Expenses and Sales Costs	84,000	
Depreciation	120,000	6,109,000
	<hr/>	<hr/>
Profit before tax		896,000
Profit tax		448,000
		<hr/>
Net Profit		448,000
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V. OTHER RELEVANT INFORMATION

The project is being promoted by:

Bangladesh Tanneries Corporation

74, Dilkusha Commercial Area

Dacca (Bangladesh)

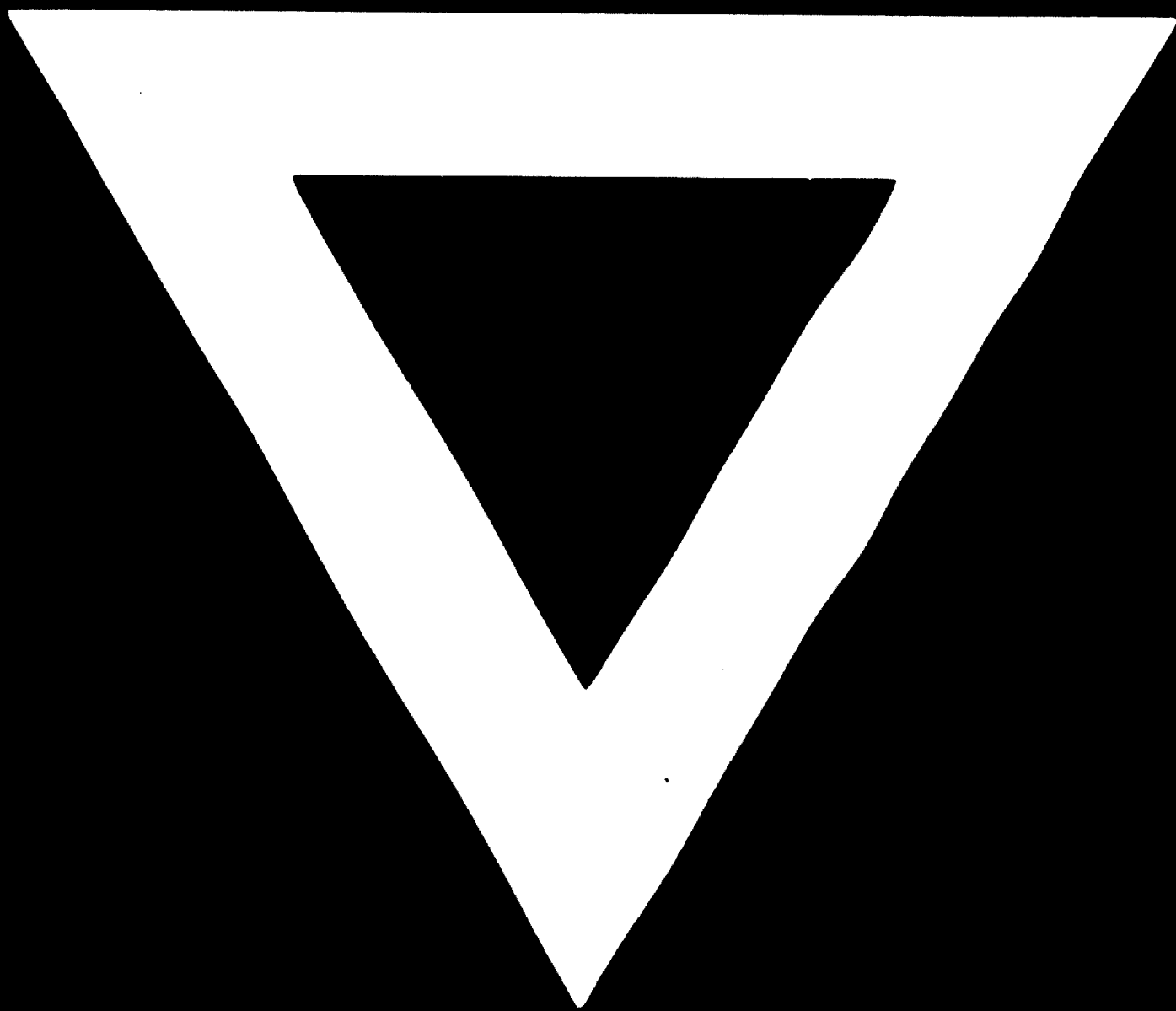
Telephone Nos: 259383 and
259361

Cable Address: TANCORP

The Corporation is owned by the Government and already operates 31 tanneries which export 75% of the total exports of leather from Bangladesh.



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