

Project Report on Foot Wear



National Institute of Micro, Small and Medium Enterprises (ni-msme)
[an Organisation of Ministry of MSME, Govt. of India]
Yousufguda, HYDERABAD – 500 045

PROJECT HIGHLIGHTS			
Activity		Foot Wear Making	
1.	Fixed Capital		33.51 Lakhs
2.	Working Capital		7.81 Lakhs
3.	Total		41.32 Lakhs
4.	Means of Finance		
	a.	Own	16.32 Lakhs
	b.	Term Loan	22.00 Lakhs
	c.	Working Capital Loan	3.00 Lakhs
		TOTAL	41.32 Lakhs
5.	Total Connected Load		5HP
6.	Employment potential		11 Nos
7.	Expected Revenue		108.90 Lakhs
8.	Operating Profit		9.77 Lakhs
9.	Net Profit anticipated		9.72Lakhs
10.	Breakeven point		43%
11.	Infrastructure		

Courtesy:



d. Land & building	Available
e. Power	Available
f. Raw Materials	Available
g. Road	Available

Introduction

Foot wears are the greatest safeguard of our body. Wearing foot wears, which protects the body from penetrating germs, bad materials to our body. The promoter has clearly analyzed the availability of raw materials, latest high-tech machinery and marketing strategy. The unit can manufacture 2000pieces of foot wears within 2 days.

Demand/Scope:-The product is generally used by every gents, ladies and kids. The foot wears isan inevitable daily using product for a healthy life. Moreover there are no such units in north Kerala hence the demand is great.

Marketing Area:-The main marketing areas are throughout Kerala, Karnataka and Tamilnadu.

Raw materials:-The main raw materials are Voralast GE, Voralaste CE ,Polyrol, Rexin, Latex,Excel- Viva Sheet, MCL Reducers,Printing Ink ,Packing Cartons etc..

Manufacturing Process:-

Initially rexin /excel viva sheet cut in the form of different sole sizes by using cutting machine and then folded by applying rubber milk & gum on viva sheet and folded and stitched together then printed and embossed the brand name.

After the embossing and stitching process the half-finished rexin material fitted in a mold the one part of the mold filled with PU resin in liquid condition then closed the mold and allow to passes through high temperature medium after this heating process the material removed from the mold and then passes to the shoe sole trimmer section in this section the extended rexin portion removed and passes to the final packing section.

Financial Implication:-

- **Land and building-** The cost of land is Rs 4 Lakhs and the unit has constructed therequired building and the cost of building is Rs 8 Lakhs.
- **Plant and machineries-**

a.	40 Station Banana (PU making Machine)	1 no	12,07,500.00
b.	3HP Air compressor	1 no	48,090.00
c.	Side Trimming Machine	1 no	
d.	Poly ISO Loading Pump	2 no	
e.	Silicon Spray Tank	1 no	
f.	Air Drier	1 no	
g.	Mixer	1 no	29,400.00
h.	Molds:-		
	• Kids Size 1 to 5 (5pair)		1,57,500.00
	• Gents 6 - 10 (5pair)		1,68,000.00
	• Ladies 5 - 9 (5pair)		3,15,000.00
i.			
.	Computer with all accessories	2 nos	41,300.00
j.			
.	Barcode printer	1 no	19,200.00

			TOTAL
			L 19,85,990.00

3. Electrification Cost :-

• Wiring material cost	80,611.00
• Labour Charge	10,000.00
• K.S.E.B Deposits	6,000.00

TOTAL 96,611.00

4. Miscellaneous Assets :-

• Office Table 1 x 8000.00	8,000.00
• Executive Chair 2 x 5000	10,000.00
• Sofa Set 1 no	15,000.00

TOTAL 33,000.00

5. Pre- Operative Expenses :-

• Registration & licences	15,000.00
• Reports, Travelling Expenses	10,000.00
• Other Cash Expenses	10,000.00

TOTAL 35,000.00

Working Capital

• Raw materials-

a. Voralastge liquid 143	
ISOC/Nate Rs 245.00 x 1320Kg	3,23,400.00

Courtesy:



b.	Voralastge 776 polyol		
		Rs 225.00 x 1200Kg	2,70,000.00
c.	Carton Box	12000Nos x Rs 6.75	85,050.00

		TOTAL	6,87,450.00
2.	Salary/Wages –		
a.	Machinist	5nos x Rs 10000.00	50,000.00
b.	Packing	4 nos x Rs 5000.00	20,000.00
c.	Accountant	1 nos x Rs 6000.00	6,000.00
d.	Computer operator	1 nos x Rs 6000.00	6,000.00

		TOTAL	82,000.00
3.	Other Expenses –		
a.	Telephone		1,500.00
b.	Electricity		5,600.00
c.	Transport		3,000.00
d.	Advertisement		1,500.00
e.	Repair		3,200.00
f.	Insurance		1,700.00
g.	Misc Expenses		4,500.00

		TOTAL	21,000.00
	Total Working Capital		
a.	Raw materials		6,78,450.00
b.	Salary/Wages		82,000.00
c.	Other Expenses		21,000.00

		TOTAL	7,81,450.00
	PROJECT COST		
	Lan		
	d		4,00,000.00
	Building		8,00,000.00
	Plant&Machinery		19,85,990.00
	Misc Assets		33,000.00
	Electrification		96,610.00
	Pre Op Expenses		35,000.00
	WorkingCapital		7,81,450.00

		TOTAL	41,32,050.00
	Means of Finance		
a.	Term Loan		22,00,000.00

b. Working Capital Loan	3,00,000.00
c. Own Contribution	16,32,050.00

TOTAL	41,32,050.00
Cost of Production (1 month)	
a. Raw Materials	6,78,450.00
b. Salary/Wages	82,000.00
c. Other Expenses	21,000.00
d. Interest on loan	27,080.00
e. Depreciation	17,550.00

Total	8,26,080.00
Sales per Month	
Ladies Foot Wear	
Rs 120.00 x 15000 nos	1,80,000.00
Rs 135.00 x 1000 nos	1,35,000.00
Rs 250.00 x 1000 nos	2,50,000.00
Gents Foot Wear	
Rs 145.00 x 800 nos	1,16,000.00
Rs 160.00 x 800 nos	1,28,000.00
Rs 265.00 x 370 nos	98,050.00

Total	9,07,050.00
a.) Revenue/Sales Month	
Monthly Revenue/Sales	9,07,050.00
Less Cost Production/Expenses	8,26,080.00

Difference (Profit)	80,970.00
Annual sales	Rs 108.90 Lakhs
Annual Profit	Rs 9.72 Lakhs

b.) Net profit Ratio

$$= \frac{\text{Net profit(p.a)} \times 100}{\text{Turnover (p.a)}} = \frac{9.72 \times 100}{(9.07 \times 12)} = 8.93 \%$$

c.) Rate of return on total capital Investment

$$= \frac{\text{Net profit(p.a)} \times 100}{\text{Total Investment}} = \frac{9.72 \times 100}{(56.94)} = 17.07 \%$$

d.) Break-even point

$$\begin{aligned} \text{B.E.P} &= \frac{\text{Annual Fixed cost}}{(\text{Annual Fixed cost} + \text{Annual Net Profit})} \\ \text{B.E.P} &= \frac{7.32 \times 100}{7.32 + 9.72} = 43 \% \end{aligned}$$

Conclusion

The unit needs Rs 22.00 Lakhs as term loan and Rs.3 Lakhs as working capital Loan .The promotor contribution will be Rs 16,32,050.00 .The term loan will be repaid in 7 years 84 monthly instalments or as per bank norms.The unit also eligible to receive 30% subsidy under E.S.S.The project is technically and economically viable.