

## PROJECT PROFILE ON KID SHOES

PRODUCT : Kids Shoes

QUALITY STANDAR : As per buyers specification

PRODUCTION CAPACITY : Kids Shoes 20,000 pairs.  
VALUE Rs

MONTH & YEAR : 2010-11

PREPARED BY : Leather Division  
Micro Small & Medium Enterprises  
Development Institute,  
34, Industrial Estate, Nunhai, Agra

**(A) INTRODUCTION:**

Kid shoes are used for protecting the kid's foot from infection by dust, mud water and to feel comfort during climate conditions. Kid shoes in particular are very important in order to save the foot not only from above incidents but also from deformation of foot in the childhood because of their softness and growing tendency. Now a day the kid shoes are very common part of style therefore, these type of shoes need to be well designed in order to have enough space inside the shoe flexible, light weight, decent look and in addition to correct fitting made from coated fabric, textile and a combination of variety of material.

**(B) MARKET POTENTIAL:**

The consumption of kids shoes is as well as in India and also in foreign country . It has good scope for export.

**(C) BASIS AND PRESUMPTIONS:**

- 1) The proposed unit will work on single shift basis of 8-hrs duration with 25 working Days in a month. The envisaged efficiency of the proposed unit is 80%.
- 2). The unit will function at 70% of its capacity during the first year of its operation and will attain 90% of its capacity utilization by the end of third year of its operation.
- 3) Labour & wages as mentioned in the project profile are approximate and based on local Market.
- 4) The rate of interest has been taken as 18% per annum or as per guidelines of Reserve Bank of India issued from time to time.
- 5) The margin money is 24% of the cost of Plant and Machinery.
- 6) The period of loan recovery will be as per the norms of financial institutions.
- 7) The cost of machinery and equipments as shown in the project profiles is as per prevailing market rates.

**(D) IMPLEMENTATION SCHEDULE:**

The time required for completing each activity for implementing the commercial production is given below:-

i)	Preparation of Project	2 Months
ii)	Selection of site	2 Weeks
iii)	Registration of unit	1 Week
iv)	Availability of finance	6 months
v)	Procurement of machinery & equipments	2 months
vi)	Installation of machines	2 months
vii)	Recruitment of labour & trial runs	2 week

**(E) TECHNICAL ASPECTS:****PROCESS OF MANUFACTURE:**

The Manufacturing process of this item does not involve much complicated techniques. After preparation of pattern leather are cut to the required sizes and design by the clicker. Then skived and assembled together permanently, eyelet holes making and fixing, stitching, lasting, sole attaching and finishing are some important operations are done as per sample. The shoes are then checked and packed.

(ii) **QUALITY CONTROL AND STANDARDS:**

At present, particular specifications in the export market mainly related to the colour of leather and its fasteners, softness and resistance to moisture and cold. Other specifications like design and pattern would be as per the requirements of the buyer.

iii) **PRODUCTION CAPACITY (Per Annum):**iv) **APPROXIMATE MOTIVE POWER REQUIREMENT(Per Month):**

Total power requirement per month for the unit 1000 kWh (Approx.)

v) **POLLUTION CONTROL:**

There is not much pollution in the industry but as a precautionary measure an exhaust fan can be provided to remove any suffocation in the working rooms/sheds.

vi) **ENERGY CONSERVATION:**

This industry used only electric power. Simple precautions and knowledge of effective utilization of electric power is therefore necessary.

**(F) FINANCIAL ASPECTS:****1. LAND AND BUILDING:**

Rental building covered an area value Rs.5000/- per month.

**MACHINERY AND EQUIPMENTS:**

S.no.	Description	Ind /Imp	Qty	Rate	Value(Rs.)
1.	Clicking Press	Ind	1	2, 00, 000/-	2, 00, 000/-
2.	Stamping machine	Ind	1	40,000/-	40, 000/-
3.	Flat bed sewing machine	Ind	1	12, 500/-	12, 500/-
4.	Post bed single needle sewing m/c	Ind	1	9,000/-	1, 08, 000/-
5.	Reactivation chamber	Ind	1	15, 000/-	15, 000/-
6.	Pneumatic sole attachment m/c	Ind	1	1, 50, 000/-	1, 50, 000/-
7.	Office furniture & equipment	Ind			25, 000/-
8.	Shoe last	Ind	100 pairs	100/-pair	10, 000/-
9.	Pre-operative expenses				20, 000/-
					<u>5, 80, 500/-</u>

**WORKING CAPITAL (Per Month):****i) STAFF AND LABOUR(Per month):**

1.	Manager	1	8,000/-
2.	Designer/Production Manager	2	8,000/-
3.	Quality Controllers	3	7,500/-
4.	Accountant	1	5,000/-
5.	Clerk-cum- Storekeeper	1	4,500/-
6.	Peons	2	5,000/-
7.	Watchman	1	2,500/-
8.	Sweeper (Part Time)	1	1,000/-
9.	Skilled Workers	4	20,000 /-
10.	Semi Skilled workers	3	9,000/-
11.	Helpers	3	7,500/-
	<b>Total Salaries:</b>		<u>78,000/-</u>

+Perquisites @ 15% of salaries 11,700/-  
Total: 89,700

**ii) RAW MATERIAL INCLUDING PACKING REQUIREMENTS(P.M.)**

	<u>Particulars</u>	<u>Quantity</u>	<u>Rate</u>	<u>Total Value</u>
a.	Foam leather fancy color	100 mtr	150/-	1, 50, 000/-
b.	Chrome tanned cow softy	3750sqft	60/-	2, 25, 000/-
c.	lining material synthetic	280 mtr	55/-	15, 400/-
d.	PVC sole (air mixed)	2500pair	50/-	1, 25, 000/-
e.	Grainderies(Adhesive, Eyelet etc.)	5000pairs	20/-	1, 00, 000/-
f.	Packing material	5000pairs	15/-	75, 000/-
				<u>6, 90, 400/-</u>

**iii) UTILITIES (P.M.)**

Electric power 1000 units @ Rs3/- per unit		3,000
Water	LS	<u>100</u>
Total:		<u>3,100</u>

**(iv) OTHER EXPENSES (P.M.)**

Rent	5,000/-
Postage & stationery	500/-
Consumable store	4,000/-
Repair & maintenance	2,000/-
Telephone	2,000/-
Transportation charges	2,000/-
Insurance	5,200/-
Sales expenses	2,000/-
Misc. expenses	<u>1,000/-</u>
Total:	<u>23,700/-</u>

**iv) TOTAL RECURRING EXPENDITURE (Per month)**

Staff and labour	89,700/-
Raw materials	6, 90,400/-
Other expenses	23,700/-
Utilities	<u>3,100/-</u>
Total	<u>8, 06,900/-</u>

Total working capital (on three month basis) 8, 06,900x324, 20, 700/-

**v) TOTAL CAPITAL INVESTMENT:**

(i) Fixed capital	5,80,500/-
(ii) Working capital	<u>24, 20,700/-</u>
Total:	<u>30, 01,200/-</u>

**G. MACHINERY UTILISATION:**

The proposed project is based on single shift basis with 8 hrs working per day, effective working hours will be 6 hr per day per shift on an average 75% of machines utilization is assumed per shift.

**H. FINANCIAL ANALYSIS:****1. COST OF PRODUCTION(Per Annum)**

Total recurring cost (Per annum)	32, 27,600/-
Depreciation on machines @ 10%	52, 550/-
Depreciation on furniture @ 20%	3, 750/-
Interest on total capital investment @ 18%	<u>5, 40, 216/-</u>
Total:	<u>38, 24, 116/-</u>
say 38, 24, 120/-	

## 2. TURN OVER (Per Annum):

Kid shoes 20,000 Nos @ Rs.200/- per pair 40, 00, 000/-

## 2. NET PROFIT(Per Annum):

Net Profit = Turnover – Cost of Production

= 40, 00, 000/- – 38, 24, 120/-

= 1, 75, 880/-

$$4. \quad \text{NET PROFIT RATIO} = \frac{\text{Net Profit (Per Annum)} \times 100}{\text{Turnover}}$$

$$= \frac{1, 75, 880/- \times 100}{40, 00, 000/-} = 4.39\%$$

$$5. \quad \text{RATE OF RETURN} = \frac{\text{Net Profit ((Per Annum)} \times 100}{\text{Total capital Investment}}$$

$$= \frac{1, 75, 880/- \times 100}{3001200} = 5.86\%$$

vi) BREAK EVEN POINT(%age of total Production Envisaged)

i) FIXED COST

a) Total Dep. on (M/c, Tools & equipments, office furniture etc.)	56, 300/-
b) Rent or Dep. On Building @ 5%	60, 000/-
c) Intt. On total investment @ 18%	10,24,254/-
d) Insurance	62,400/-
e) 40% of salary & wages	35,880/-
f) 40% of other contingent expenses	9,480/-
(Excluding rent & insurance)	<u>12, 48, 314</u>
Say:	12, 48, 300/-

$$\text{B.E.P.} = \frac{12, 48, 300 \times 100}{12, 48, 300 + 1, 75, 880} = 87.65\%$$

# I. ADDRESSES OF MANUFACTURERS & SUPPLIERS OF MACHINES:

1. M/s Singer Sewing Machine Co. Ltd., 21, Netaji Subhash Marg, Daryaganj, Delhi-6
2. M/s S.P. Engg. Works, Dayal Bagh Road, Agra-282005.
3. M/s Raj Machine Home, 35/44 Kaarbala Road, Agra-5.
4. M/s Bhanji Nanjain & Co., P.B.No. 1677, Bombay.
5. M/s Atlanta Trading Pvt. Ltd., Atur House, Worli Naka, Bombay-18.
6. M/s Bengal Machinery Company, 9-A, New Tangra Road, Calcutta.

7. M/s Anapoorna Engg. Works, E-10/2, MIDC, Industrial Area, Shirol  
Kolhapur(Maharashtra)
8. M/s Prototype Development & Training Centre, Sector B-24, Guindy, Industrial  
Area, Madras-97.

**J. ADDRESSES OF RAW MATERIALS SUPPLIERS:**

1. M/S Liberty Leathers, Gharaunda, Distt. Karnal.
2. M/s Kamal Leathers, Village Kachua, Distt. Karnal.
3. M/s Sanjay Leathers, Kunjpura, Karnal
4. M/s Gee Aar Leather Craft, 5944, Khatik Mandi, Ambala Cantt.
5. M/s Bharat Traders, Kuldeep Nagar, Amballa Cantt.
6. M/s Zaz Tannery, Jajmau , Kanpur (U.P.)
7. M/s Asia Tannery , Jajmau ,Kanpur(U.P)
8. M/s Chandras Chemical Enterprises Ltd., P-35, CIT Road, Calcutta
9. M/s Dunlop India , 578, Mirza Galib Street, Calcutta –16
10. M/s J.P. Coats (Pvt.) Ltd., Opp. T.T. Arts, Crawford Market, Bombay-3.
11. M/s Modi Threads, Modi Nagar (U.P.).