PROJECT PROFILE ON PANEL PINS & SHOE TACKS

PRODUCT	:	**PANEL PINS & SHOE TACKS**
QUALITY & STANDARDS	:	There is no specific quality standard has been suggested by BIS for Shoe Tacks; however, IS-6738-1996 may be referred for Penal Pins & Lost Head Nails.
MONTH & YEAR OF PREPARATION	:	October 2010
PREPARED BY	:	Mechanical Division MSME Development Institute, 10 – Industrial Estate, Pologround, Indore – 452 015 Phone: 0731-2421048/2421540 Fax: 91-0731-2420723 Email: dcdi-indore@dcmsme.gov.in

INTRODUCTION

Panel Pins and Shoe Tacks are made up of steel wire and are used for making shoes, chappals etc. and for fixing papers on panel. Shoe tacks are used for footwear repairing also.

MARKET

Looking at the growth of population and standard of living, the requirement of shoe is ever increasing and so is the repairing of shoes, demand for shoe tacks are good. Similarly, demand for penal pins is also growing with the increase in institutes education and school / colleges.

BASIS & PRESUMPTION

1. The Project Profile has been prepared on the basis of single shift of 8 hrs. and 75 % efficiency.
2. The rental value of the Workshop shed has been taken at Rs. 25 per sq. meter.
3. The cost of machinery and equipment as indicated in the profile refer to a particular make and the prices are approximate those ruling at the time of preparation of this report.
4. The provisions made in respect of raw materials, personnel, utilities and overheads etc., are at the prevailing rates and are approximate only.
5. The rate of interest has been taken on the basis of 11 % per annum.

IMPLEMENTATION SCHEDULE

It is estimated to take 4 months from conception of implementation and commercial production including preparation of project report, financial arrangements, procurement of machinery, Raw Material, Staff & Labour etc.

TECHNICAL ASPECTS

1. **Production Process:** The shoe tack is having square cross section. It is flattened at one end and pointed at another end. The shoe tacks are made on automatic machines. In these machines half hard drawn bright mild steel wires are fed and complete shoe tack comes out of the machine. These nails are then put into polishing barrels to clean the surface of the nails and also to remove burrs from the nails. The nails are then put into the bluing furnace, for giving blue colour to the nails. The panel pins can also be manufactured by changing the dies on same machines. In case of panel pins the process of bluing is not done. In the project profile the manufacturing of shoe tacks has been taken.
2. **Quality Control and Standards:** There is no specification suggested for shoe tacks by BIS. However, IS: 6738-1972 on Panel Pins and Lost Head nails may be referred for quality control for panel pins and generally followed for shoe tacks.

3. **Production Capacity :** Quantity – 48 tones per annum
   Value - Rs. 26,40,000/-

4. **Approx Power Requirement :** 10 HP
5. **Pollution Control:** As such unit do not need any specific measure, however, general care to be taken.
6. **Energy Conservation:** Nothing special is needed; however, general features of energy conservation may be taken care of.

FINANCIAL ASPECTS

1. **Land & Building :**

Covered area 100 sq. meter @ 25/- Rs. 2500/-
Rented per month.

2. **Plant & Machinery :**

Sr. No.	Machinery	Qty.	Cost
01.	Automatic Shoe Tack making Machine Capacity 10 to 25 mm length with Electricals	4	Rs. 2,50,000.00
02.	Annealing-cum-Bluing Furnace of 750 X 500 X 750 mm electric single phase, 1 HP Motor, coal fired 500^0 C Temp.	1	Rs. 50,000.00
03.	Polishing Barrel 650 mm dia. 1000 mm long Double barrel with 3 HP Motor	1	Rs. 25,000.00
04.	Double Ended Bench Grinder Machine suitable for grinding dies of shoe tacks.	1	Rs. 10,000.00
05.	Weighing Balance, Weight trays small pots.		Rs. 10,000.00
	Total		**Rs. 3,45,000.00**

01.	Erection and commissioning @ 10 % of plant and machinery	Rs. 35,000.00
02.	Cost of spare cutters, dies, tools etc.	Rs. 15,000.00
03.	Cost of office furniture etc.	Rs. 25,000.00
04.	Preoperative expenses	Rs. 25,000.00
Total Fixed Capital		**Rs. 4,45,000.00**

Working capital [per month]

i. Personnel [per month]

01.	Foreman	1	Rs. 4,000.00
02.	Skilled workers	2	Rs. 7,000.00
03.	Semi skilled workers	3	Rs. 4,500.00
04.	Helpers	2	Rs. 4,000.00
05.	Clerk-cum-Accountant	1	Rs. 2,500.00
	Total		**Rs. 22,000.00**

ii. Raw Material [per month]

01.	M S [H B] Wire 15 to 16 SWG 4.25 Tons @ Rs. 30,000.00 per ton	Rs. 1,27,500.00
02.	Polishing material	Rs. 5,000.00
03.	Coal	Rs. 10,000.00
04.	Packing Material	Rs. 2,500.00
	Total	**Rs. 1,45,000.00**

iii. Utilities [per month]

Power 1500 kwh units @ 6.0	9000
Water	1000
Total	10000

iv. Other contingent expenditures [per month]

Rent	2500.00
Consumables	2500.00
Transport and conveyance	2500.00
Stationery and postage	2500.00
Repair and maintenance	1000.00
Telephone	1000.00
Misc. expenses	1000.00
Total	**13000.00**

v. Total Recurring Expenditure [per month]

Personnel	22,000.00
Raw material	1,45,000.00
Utilities	10,000.00
Other contingent expenditure	13,000.00
Total	**1,90,000.00**

vi. Working Capital for 3 months

1,90,000 X 3 5,70,000.00

TOTAL CAPITAL INVESTMENT

Fixed capital	4,45,000.00
Working capital for 3 months	5,70,000.00
Total	**10,15,000.00**

FINANCIAL ANALYSIS

i. Cost of production

Total Recurring Cost	22,80,000.00
Depreciation on Machinery	35,000.00
Depreciation on Tools, Dies etc. @ 25 %	3,750.00
Depreciation on Office Equipments @ 20%	5,000.00
Interest on capital investment @ 11 %	1,11,650.00
Total **Say**	**24,35,400.00** **24,35,000.00**

ii. Turnover [per annum]

Sl. No.	Item	Qty.	Rate	Value
01.	Shoe Tacks/Panel Pins	48 MT	55/- P MT	26,40,000.00
02.	Scrap	3 MT	13/-	39,000.00
	Total **Say**			**26,79,000.00** **26,80,000.00**

iii. Profit [before taxes]

26,80,000 – 24,35,000 = 2,45,000.00

iv. % of profit on sales [net profit ratio]

$$\frac{\text{Net Profit X 100}}{\text{Turnover}} = \frac{2{,}45{,}000 \text{ X } 100}{26{,}80{,}000} = \mathbf{9.14}\ \%$$

v. Rate of Return

$$\frac{\text{Net Profit X 100}}{\text{Capital Investment}} = \frac{2{,}45{,}000 \text{ X } 100}{10{,}15{,}000} = \mathbf{24.12}\ \%$$

vi. BEP

[a] Fixed Cost :

Total Rent	30,000.00
Total Depreciation	43,750.00
Total Interest	1,00,650.00
40 % of Salary	1,05,600.00
40 % of other expenses [excluding rent]	50,400.00
Total	**3,30,400.00**

[b] Profit : 2,56,000.00

$$\textbf{BEP : } \frac{\textbf{FC X 100}}{\textbf{FC + P}} = \frac{\textbf{3,30,400 X 100}}{\textbf{3,30,400 + 2,45,000}} = \frac{\textbf{3,30,40,000}}{\textbf{5,75,400}} = \textbf{57.42 \%}$$

ADDRESS OF MACHINERY & EQUIPMENTS SUPPLIERS:

1. M/s K B Machine Factory, Sultan Wind Road, Amritsar.
2. M/s Jaymus Engg. Works, Birhana Road, Kanpur.
3. M/s Universal Screw Factory P Ltd., Chherata, Armitsar.
4. M/s Burma Indl. Corpn., G T Road, Putlighar, Amritsar.
5. M/s D R Kapoor & Sons, Ghumar Mandi, Ludhiana.

ADDRESS OF RAW MATERIAL SUPPLIERS:

Local Iron Merchants / Wire drawing units.

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