PROJECT PROFILE

ON

LADIES COURT SHOES

NAME OF THE PRODUCT	:	**LADIES COURT SHOES**
QUALITY & STANDARD	:	As per Buyer's Specification.
PRODUCTION CAPACITY	:	
QUANTITY	:	60,000 pairs per annum
VALUE	:	Rs.3,18,00,000/-
MONTH & YEAR OF PREPARATION	:	November, 2013.
PREPARED BY	:	**MSME - Development Institute,**

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LADIES COURT SHOES

1. Product & its uses:

Leather is the best material for shoes and that is why the people prefer to use the shoes made up of the genuine leather. Earlier the shoes, made up of leather upper and leather soles were used but now a days the cost of leather have gone very high and other alternative materials are being used. The shoes made up of the leather soles had very small life and because of this, the alternative soling materials were developed which had longer life and were also lighter in weight. Today, in quality shoes the good quality leather is used for upper and synthetic soling materials like Rubber, PVC, TPR and PU etc. are used for soles.

Traditionally, shoes in India were made by hands. But, now many semi mechanized and mechanized units have come up. In the past the footwear units were concentrated only at few places like Agra and Kanpur but during the last 20 years, with the technological advancements, new units have come up in all the parts of the country.

Ladies Court Shoe is a fashionable item and one has to observe the trends for production of these items. Ladies Court Shoes are produced in different shapes, colours, designs and with different types of upper materials with high heel and soles. In developed countries, people have different shoes for the different occasions. Even in India, the affluent class of women have more than couple of pairs of shoes and use them for different occasions.

2. Market Potential:

The ladies court shoes are worn by the metro women through out the world. Many people use different types of shoes for different occasions. The leather shoes are worn by all classes all ages of people. The young generation prefers fashionable shoes whereas older people's choice is comfortable shoes. In fact there is a very good demand for the ladies court shoes and it is increasing day by day.

This industry is fashion oriented labour intensive industry. There is very good demand for ladies court shoes, which are produced according to trend. In the shoes production, the labour content is very high and developed countries find it difficult to produce shoes locally as their labour cost is very high. These countries prefer to buy shoes from countries like India where highly skilled labour is available in plenty at reasonable rates. On the other hand, the quality of the leather produced in India is also very good. Due to all above reasons, the ladies court shoes not only have good demand locally but also have very good demand in the international market.

Scope:

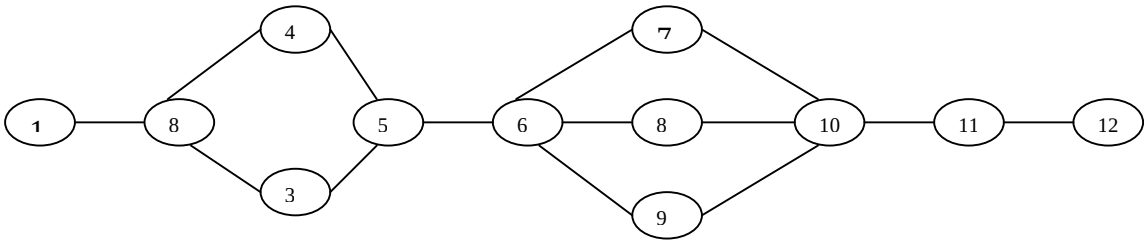
Those days are gone when this industry was concentrated in some particular parts of the country. Today there is tremendous scope for setting up of this industry in any part of India as trained and skilled manpower is available everywhere and is also willing to move from one place to another. The raw materials can also be easily procured due to faster of communications and transportation.

3. Basis & Presumptions:

a) The project Profile has been prepared on the basis of single shift of 8 hours a day and 25 working days in a month at 75% efficiency.
b) It is presumed that 1st year, the capacity utilization will be 70% followed by 85% in the next year and 100% in the subsequent year.
c) The rates quoted in respect of salaries and wages for skilled worker and others are on the basis of minimum rates in the State of U.P.
d) Interest rate for the fixed and working capital has been taken @ 15% on an average whether financed by the Bankers or Financial Institutions.
e) The margin money required is minimum (30% of the total capital investment).
f) The rate quoted in respect of machinery, equipment and raw materials are those prevailing at the time of preparation of the Project Profile and are likely to vary from place to place and suppliers to suppliers. When a tailor made project profile is prepared, necessary changes are to be made.
g) The pay back period may be 5 years after the initial gestation period.
h) The gestation period in implementation of the project may be to the tune of 6 to 9 months, which includes making all arrangements, completion of all formalities, market surveys and tie-ups etc. Once all the above arrangements are made and quality/standards achieved the 100% project capacity may be achieved at the end of three years. However, a detailed PERT/CPM/Chart with implementation period has been given in the report.

4. Implementation Schedule:

The implementation of the project includes various jobs/exercises such as procurement of technical know how, transfer of technology, market surveys and tie-ups, preparation of project report, selection of site, registration, financing of project, procurement of machinery and raw materials etc., recruitment of staff, erection/commissioning of machines, trial production and commercial production etc. In order to efficiently and successfully implement the project in the shortest period the slack period is curtailed to minimum possible and as far as possible simultaneous exercises are carried out. In view of above a CPM-PERT Chart has been illustrated below. According to which a minimum period of 227 days is involved in finally starting the project on commercial basis. By following this process a time period of 82 days can be saved.



Detailed of Activities.

C.P.M.

Activity	Days	Activity	Days	Particular of Activity
1-2	15	1-2	15	Procurement of Tech. Know Transfer of technology.
3-4	15	3-4	15	Market survey, tie-up and obtaining quotations.
4-5	7	2-3	7	Selection of site.
5-6	70	4-5	7	Preparation of Project Report
6-7	45	5-6	70	Registration and financing.
7-10	30	6-7	45	Placement of orders for machinery and receipt of machines.
10-11	30	6-8	30	Recruitment of staff and training.
11-12	15	6-9	30	Addition/Alteration in rental premises.
		8-10	15	Procurement of raw material/Bought out components
		7-10	30	Erection, Electrification and Commissioning
		10-11	30	Trail Production
		11-12	15	Commercial Production
	227 Days		309 Days	

5. Technical Aspects:

1. Manufacturing Process:

The manufacturing process may vary from company to company and from design to design. Here a general process of manufacturing has been outlined.

The different upper and lining components are clicked by clicking machine as per graded patterns. The different components are then marked. Then, the components are skived and folded wherever required. Then the upper components are stitched and the lining components are also stitched to the upper components to complete the uppers. Then the uppers are mulled and lasted over a last which is already having insole attached to it. The lasting can be done by a combination of lasting machines. The wrinkles from the lasted shoes are removed either by wrinkle chasing machine or hot steam. The lasting margin is then roughened by roughening machine and de-dusted. Then the adhesive of required type is applied on both the lower side of lasted upper and on the pre-conditioned sole and then the adhesive is allowed to dry. They dried adhesive is then reactivated. The sole is then fixed over the lasted upper by hand and pressed under the sole press. Then heel attachment is done. The de-lasting is done after removal of excessive adhesives and trimming of excessive threads. The shoes are then finished, socks are put in and shoes are finally inspected and packed.

Depending upon design and construction, special machines like strobe insole attaching machine, vamp Performing Machine, DIP/DVP Machine etc. may be used. We can also use computerized machines like computerized clicking, Programmable skiving and Sewing machines. Other machines like folding, cement applicator, automatic Roughening Machine, Combined Heel Seat & Side lasting Machines, Pounding machines etc. may also be used for faster out put if surplus funds are available.

2. Production Target:

Quantity	:	60,000 pairs per annum
Value	:	Rs.3,18,00,000/-

3. Quality Control & Standards:

As per buyers specifications.

4. Power Requirement : 60 K.W.
Water : 10,000 Ltrs/Monthly

5. Energy Conservation:

While manufacturing Court Shoe, most of the operations are done by hand only. A few operations are completed by power operated machine for which a little amount of electric is utilized. However, the following steps may be taken for the conservation of energy.

1. Machinery & equipment's parts, which are revolving and reciprocating should be properly, lubricated from time to time with suitable lubricant oil.
2. Lay out of the unit should be in such a way in that no back tracking of material is there.
3. All electric switches may be kept off, when not required.
4. The entire transmission belt will be tightened before starting the work is wherever applicable.
5. Fluorescent tube with electronic Chokes may be used for energy saving. Further recently developed compact fluorescent tubes called (FCT) of 10, 15 watts Philips/Glaux made may be used for energy saving and decoration. These self ballasted fluorescent lamps are high efficiency replacements for ordinary bulbs. For same light output, CFLEBs consume about one-fifth the power consumed by ordinary bulbs, thereby saving a lot of energy. The savings get further multiplied when CLEBs are used in air conditioned areas, since the saving of energy by using CLEBs also corresponds to less heat dissipation reducing load on air conditioners. The life of CFLEBs is about 8000/10000 hours i.e. about 10 times that of ordinary bulb.

The typical payback period in terms of savings of energy bills and cost of ordinary lamps is about 6 months operation. Unlike ordinary bulbs, these CFLEBs provide choice of three colours designated A, B & C to suit individual requirements.

Electronic Ballast, with protection against high voltage spikes alongwith high quality CFLs make these composite CFLEBs (or self ballasted CFLs) Slim, lightweight, efficient and reliable units.

6. As far as possible Solar Energy and day light will be used keeping all the other lights off.
7. As far as possible inductive load of motor will be reduced and high power factor will be used with the aid of capacitors of appropriate sizes.

6. Pollution Control:

There is no pollution in manufacturing of Ladies Court Shoes.

6. FINANCIAL ASPECTS"

1. FIXED CAPITAL:

Land & Building

Rented Building **Rs. 10,000/-**

2. MACHINERY & EQUIPMENT:

S.No.	Particulars	Ind./Imp.	Quantity(Nos.)	Value (Rs.)
1.	PFAFF Single needle flat bed lock stitch Sewing Machine three phase motor 0/25	Imp	5	6,50,000/-
2.	PFAFF Sewing Machine Zig Zag Flat bed	Imp.	1	1,72,000/-
3.	PFAFF Class 335-G-706/67-17101650/03 Heavy duty cylinder bed sewing machine with three phase motor 0.5.	Imp.	1	97,500/-
4.	Cementing Press Four bed with air compress with 1 HP Motor	Imp.	1	45,000/-
5.	Finishing Buffing Machine Power operated with 2 HP motor	Imp.	1	55,000/-
6.	Stamping Machine	Ind.	1	6,000/-
7.	Skiving Machine power operated FORTUNA Skiving Machine	Imp.	1	2,95,000/-

8.	Shoe Last @ Rs.250/- per pair		200 Pairs	50,000/-
10.	Tools & Equipment	-	-	60,000/-
11.	Office Equipment Working Table & Stools etc.			80,000/-
12.	Installation & Electrification of machinery @ 10%			1,32,000/-
			Total Fixed Capital:	**16,42,500/-**

3. WORKING CAPITAL (Per Month):

Personnel:

S.No	Description	No.	Salary (Rs.)	Total (Rs.)
1.	Manager	1	12,500/-	12,500/-
2.	Designer/Supervisor	1	10,500/-	10,500/-
3.	Mechanic	1	8,000/-	8,000/-
4.	Skilled Worker	20	8,000/-	1,60,000/-
5.	Unskilled Worker	10	5,000/-	50,000/-
6.	Accountant/Cashier(Part Time)	1	10,000/-	10,000/-
7.	Peon/Watchman	1	6,000/-	6,000/-
			Total:	**2,57,000/-**
	+ Perquisites @ 15%			38,550/-
			Total:	**2,95,550/-**

4. RAW MATERIAL (Per Month):

S. No.	Particulars	Qty.	Rate (Rs.)	Value (Rs.)
1.	Cow Softy	100000 Sq DCM	10/- per Sq.DCM	10,00,000/-
2.	Cow Lining	100000 DCM	5/- PER dcm	5,00,000/-
3.	Vt leather (Sole)	1875 Kg.	150/-per Kg.	2,81,250/-
4.	Moulded Insole (Texon)	5000 Prs	10/-	50,000/-
5.	Grinderies/Adhesive	5000	8/-	40,000/-
6.	Packing Material	5000	8/-	40,000/-
7.	PVC Heel	7500 Prs	5/-	37,500/-
			Total:	**19,48,750/-**

5. UTILITIES (Per Month):

Power 600 units @ 8/- per unit		Rs.	4,800/-
Water		Rs.	2,000/-
	Total:	**Rs.**	**6,800/-**

6. OTHER CONTINGENT EXPENSES(Per Month):

Sl.No.	Particulars		Rs.	Total
1.	Postage		Rs.	3,000/-
2.	Repair & Maintenance		Rs.	5,000/-
3.	Transport		Rs.	5,000/-
4.	Publicity		Rs.	2,500/-
5.	Stationery		Rs.	2,500/-
6.	Telephone		Rs.	1,000/-
7.	Consumable Stores		Rs.	5,000/-
		Total:	**Rs.**	**24,000/-**

7. TOTAL WORKING CAPITAL (Per Month):

Sl.No.	Particulars		Rs.	Total
1.	Personnel		Rs.	2,95,550/-
2.	Raw Material		Rs.	19,48,750/-
3.	Utilities		Rs.	6,800/-
4.	Other Expenses		Rs.	24,000/-
		Total:	**Rs.**	**22,75,100/-**

Working Capital for 3 months: Rs.22,75,100 X 3 = Rs. 68,25,300/-

8. TOTAL CAPITAL INVESTMENT:

Sl.No.	Particulars		Rs.	Total
i)	Fixed Capital		Rs.	16,42,500/-
ii).	Working Capital for 3 months		Rs.	68,25,300/-
		Total:	**Rs.**	**84,67,800/-**

9. FINANCIAL ANALYSIS:

1. Cost of Production (Per Annum):

Sl.No.	Particulars		Rs.	Total
1.	Total Recurring Cost		Rs.	2,73,01,200/-
2.	Depreciation on Machinery @ 10%		Rs.	1,32,000/-
3.	Depreciation on Tools & Equipments @ 10%		Rs.	6,000/-
4.	Depreciation on Office Furniture @ 25%		Rs.	20,000/-
5.	Dep. On Shoe Last @ 20%		Rs.	10,000/-
5.	Interest on Total Capital Investment @ 14%		Rs.	11,85,500/-
		Total:	**Rs.**	**2,86,54,700/-**

2. TURN OVER (Per Annum):

By Selling Ladies Court Shoe 60,000 Pairs @ 530/- pair **Rs. 3,18,00,000/-**

3. NET PROFIT (Before Taxation)(Per Annum):

Profit =	**Annual Sales**	**(-)**	**Cost of Production**			
	3,18,00,000/-	**(-)**	**2,86,54,700/-**	**=**	**Rs.**	**31,45,300/-**

4. NET PROFIT RATIO:

Net profit X 100	31,45,300/- x 100		
Turn Over	3,18,00,000	**=**	**9.89%**

5. RATE OF RETURN ON TOTAL INVESTMENT:

Net profit X 100	31,45,300/- x 100		
Total Investment	84,67,800/-	**=**	**37%**

6. BREAK EVEN POINT:

Fixed Cost (Annual):

1.	Rent of the Building		Rs.	1,20,000/-
2.	Depreciation on Machinery @ 10%		Rs.	1,32,00/-
3.	Depreciation on Tools & Equipment 25%		Rs.	6,000/-
4.	Interest on Total Capital Investment @ 14%		Rs.	11,85,500/-
5.	Dep. on Shoe Last 20%		Rs.	10,000/-
5.	40% of Salary		Rs.	14,18,640/-
6.	40% Other Expenses		Rs.	1,15,200/-
		Total:	**Rs.**	**29,87,340/-**

Fixed Cost X 100	29,87,340 x 100		
Fixed Cost +Profit	29,87,340 + 31,45,300/-	**=**	**49%**

Addresses of Machinery Suppliers:

1. M/s Leather Packing Machinery Corporation, 1/23-B, Asaf Ali Road, Ajmer.
2. M/s S. P. Engineering Works, Dayal Bagh Road, Agra.
3. M/s Raj Machine Home, Lashkarpur, Kamla Nagar, Agra.
4. M/s Sugam Industries Product division, 21, Netaji Subhash Marg, New Delhi.
5. M/s Atlanta Trading (P) Ltd., Atur House, worli Naka, Mumbai-18.

Raw Material Suppliers:

1. M/s Bharat Material Store, Hing Ki Mandi, Agra..
2. MN/s Basant Leather Corporation, Agra.
3. M/s Precision Shoe Last Factory, 60, Industrial Estate, Agra.
4. M/s Modi Thread, Modi Nagar.

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