

PROJECT PROFILE

Product Name	-	Children Shoes
Product Code	-	NIC 2004: 19201 ASICC: 44306
Quality & Standards	-	as per customer specification
Year of Preparation-	-	2010-11
Prepared by	-	Leather Division

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A PROJECT PROFILE ON CHILDREN SHOE

(A) Introduction: -

Children shoes are used for protecting the children foot from injuries due to stones, nails, broken glass pieces, infection from dust, dirt, mud, water and to feel comfort during different climatic conditions. Children shoes in particular, are very important in order to save the foot not only from above incidents but also from the deformation of foot in the childhood because of their softness and growing tendency. Now a days, the children shoes are very common part of school uniforms introduced by many governments as well as public schools and these are mainly of a specific style i.e. Derby with black colour. The shoes worn by the children are multifunctional such as to serve the purpose of uniform as well as for feeling comfort during sitting, walking, playing and so to say for every casual and rough uses. Therefore these type of shoes need to be well designed in order to have enough space inside the shoe, flexible, light weight, descent look in addition to correct fitting. In this project, it has been proposed to manufacture both children school shoes and children fancy shoes. Although these products are available with different materials like coated fabrics, textiles and a combination of variety of materials, yet leather shoes are having popularity due to comfort, durability and aesthetic look. The children school shoes are suggested to be made in black colored Derby style with PVC soles and fancy leather shoes are suggested to be made in different styles such as boots, trainers and other descent look models by using single or multi colored leather components with PVC air mixed sole.

(B) Market Potential:-

The demand of children shoes is increasing day to day in tune with the growth of population, their economic standards, education system and fashion consciousness every where in the country. The increasing number of public schools vis-a-vis number of school going children and foot care awareness along with the fashion orientation increases the demand of such products every day.

Thus it is felt that there is an ample requirement of children shoes in every locality. Moreover, the export worthiness of such products from our country is bright, seeing the present trend. Shoe units aiming to manufacture children shoe of different types, can, therefore, sustain viability by catering to the increasing needs.

(c) Basis & Presumption:-

The project profile has been prepared based on the following assumptions:-

- 1. Working Capital** : Single shift of 8 hours a day
For 300 working days in a year
- 2. Capacity Utilization** : 60% during first year, 70% during second year
& 80% during Third year
- 3. Entrepreneur** : Preferably by one or group of promoters having knowledge/ experience in leather and footwear field and/ or venturing to start leather based units.
- 4. Location** : Any where in India, preferably near any

- township.
5. Land and Building : On rent at the beginning.
 6. Important raw materials : Chrome tanned cow softy upper leather, flexible insole and PVC/PVC air mixed sole.
 7. Salary and wages : All the employees are paid on monthly basis.
 8. Power charges : Rs.4.50/- per KWH from power supply source
 9. Depreciation : 10% on Plant and machinery
20% on Tools, equipments and furniture & fixture
 10. Margin Money : 25% of total capital investment
 11. Interest charges : 15% has been calculated on total capital investment
 12. Fixed cost for BEP analysis : 100% rent, Insurance, Interest and depreciation
40% of total salary and wages
40% of total utilities and other contingent expenses excluding rent and insurance.

(D). Implementation Schedule: -

The implementation of the project includes various jobs / exercises such as procurement of technical know-how, transfer of technology, market survey and tie-ups, preparation of project report, selection of site, registration, financing of project, procurement of machinery and raw materials etc. recruitment of staff, 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 minimum period of 07 months (210 days) is involved in finally starting the project on commercial basis. The detail of implementation schedule as follows:

Sl. No	Activity	Period
01.	Site selection, negotiation with land-lord, market survey, Preparation of project report and other formalities	02 months
02.	Seeking quotation of machines, purchase and installation of machines, power connection	02 months
03.	Purchase of raw materials, Trail production, arranging Working capital, Staff requirement & market tie-up	02 months
	Total period required for commencing commercial production	06 months

Technical Aspects:

(i) **PROCESS OF MANUFACTURE:-**

In this project, the children shoes are proposed to be manufactured in two different types i.e.:

- (i) Children school shoes and (ii) Children fancy shoes. The former is Derby type and is normally made from black colored chrome tanned cow softy upper leather and the latter is of fancy type with single or brilliant multi colour. Both types are made in different sizes and fittings.
- (ii) The manufacturing process out line as follows:

Designing and Pattern Cutting:

As per the selected designs, the patterns are prepared, checked for accuracy and then master patterns are developed. Then these patterns are graded into different sizes and dies are also prepared accordingly.

Clicking:

The upper, lining and sock components are cut from suitable materials by the help of dies with the clicking press or manually by the skilled workers. While clicking, it is essential to consider the importance of the components and the corresponding portion of leather, direction properties of components and that of leather portion, degree of defects and the best possible inter lock to have minimum wastage. The components are to be necessarily marked with sizes and sides are separately to avoid the confusion.

Closing:

The cut components are checked to sizes and defects, skived to the edges, folded and other edge treatments are done as per the specification. These are assembled together initially with adhesive and finally stitched. The eyelets are fixed; the upper is checked and then sent for next operation.

Bottom components preparation:

Bottom components such as the insole, toe - puff and stiffener are cut from suitable materials and skived as per specification. The PVC sole is cleaned with the solvent like Methyl - Ethyle- Ketone (MEK) and applied with chemical primer (Halogen) and dried.

Construction and shoe making:

The toe -puff, stiffeners are inserted between upper and lining at the toe and back part. The insole is fixed on the last and the upper is mounted onto it by pulling the toe part, back part and the finally side portion. The edges are hammered for smooth feather edge. The bottom filling is done into the cavity formed due to lasting. The surface is then scoured and roughened to level, the rough surface is then cleaned with solvent like MEK and dried. Both the sole and lasted upper surface are then applied polyurethane adhesive and allowed to dry completely. The dried surfaces are then reactivated to gain adhesion properties and then the sole is fitted on the lasted upper accurately and pressed under Sole attaching machine for strong and permanent bond. In this condition the shoe is kept for few hours for a permanent shape.

Finishing:

The upper and sole is then cleaned and finished with the wax and other finishing chemicals. The shoe is then de-lasting, cleaned from inside, inserted with stamped sock lining, the laces are attached, inspected and packed for dispatch.

(VI) QUALITY CONTROL AND STANDARD:

The quality of children shoe has to be maintained as per buyer's specification. However, the main criteria for quality control are selection of suitable materials (especially the leather with required thickness, shade, strength and softness) cutting components from suitable portions of leather, assembling, regular stitching with suitable thread with specified stitch length and finishing, lasting, alignment, sole attachment, finishing and packing.

Production capacity:

- i). Children school shoes 30,000 pairs of Rs. 63, 00,000/-
- ii). Children fancy shoes 30,000 pairs of Rs. 72, 00,000/-

Motive power:

10 HP.

Pollution control:

Although shoe industry does not discharge any pollutants, the following precautions are to be considered for a better environment:

The adhesives prescribed are mainly solvent based and are inflammable and toxic in nature, it can cause problems, if inhaled, therefore, a solvent extraction system is required in adhesive application area. Further the dust developed during scouring and roughing or even during finishing are necessarily to be collected through an exhaustion system attached to the concerned machine for making the work place dust free.

Energy Conservation:

All machines are power driven and run individually, whenever required.

Financial Aspects:

A. Fixed capital:

(i) Land and building:-

Floor area of about 2000 sq. ft. to be taken on rent @ Rs.20, 000/- per month.

(ii) Plant and Machinery:-

Sl.No.	Description	Ind/Imp.	Qty.	Price (Rs.)	Total Value (Rs)
1.	Swing arm hydraulic clicking press	Imp	1	2, 00,000	2, 00,000
2.	Stamping machine	Ind	1	40,000	40,000
3.	upper skiving machine	do	1	35,000	35,000
4.	Flat bed single needle sewing machine	do	3	12,000	36,000
5.	Post bed single needle sewing machine	do	2	45,000	90,000
6.	Roughing and Scouring machine	do	2	35,000	70,000
7.	Reactivation chamber	do	1	10,000	10,000
8.	Pneumatic sole attachment machine	do	1	1, 50,000	1, 50,000
9.	Combined finishing machine	do	1	35,000	35,000
10.	Spray booth and spray gun	do	1	15,000	15,000
11.	Air compressor & distribution system	do	1	20,000	20,000
12.	Electrification and erection of machine @ 10% on machinery cost				70,100

Total Rs. 7, 71,100

(ii) Tools and equipments and other fixed assets:

Sl.No.	Description	Ind/Imp.	Qty.	Price (Rs.)	Total Value (Rs.)
1.	Shoe designer tool kit	Ind	1 set	3,000	3,000
2.	Shoe making tool kits	Ind	10 sets	2,000	20,000
3.	Machine maintenance & Electricians tool kit	Ind	1 set	2,000	2,000
4.	Clicking dies-1 set each	do	12 sets	7,500	90,000
5.	PVC last	do	200 pairs	600	1, 20,000
6.	Clicking pads, Spray gun & other equip. Do		----	-----	20,000
7.	Testing equipments, thickness gauge, Measuring scale etc.	do	-----	-----	20,000
8.	Workshop tables racks etc.	do	-----	-----	50,000
9.	Other furniture and equipments	do	-----	-----	50,000
10.	Computer, printer, Laptop etc.	do	---	----	1,00,000
11.	Generator (10 kva)	do	---	---	1, 20,000
Total Rs.					5, 95,000

(iv) Total plant and Machinery, tools and Equipments, Furniture and other fixed assets (ii + iii)

Rs. 13, 66,100

(v) Pre operative expenses:

Sl.No.	Description	Total Value(Rs)
1.	Preparation of project report and consultancy	30,000
2.	Administrative expenses	10,000
3.	Travelling, market development and tie-up	20,000
4.	Other formalities and expenses prior to production	10,000
Total Rs.		70,000

Total fixed capital requirement (iv + v)

Rs. 14, 36,100

B) Working capital (per month)

(i) Raw Material including packing materials (per month):-

S.No.	Name of the materials	Qty	Rate (Rs)	Value (Rs.)
1.	Chrome tanned cow softy upper leather Black colour (1.2mm)	3750 sq.ft.	55	2, 06,250
2.	Chrome tanned cow softy upper leather fancy colour (1.2mm)	3750 sq.ft.	55	2, 06,250
3.	Lining materials (synthetic)	280 meters	50	14,000

4.	Drill cloth for lining	200 meters	40	8,000
5.	Insole, Toe – puff & Stiffener	5,000 pairs	12	60,000
6.	PVC soles	2,500 pairs	20	50,000
7.	PVC sole (Air mixed)	2,500 pairs	35	87,500
8.	Adhesive/Rubber solution/Latex	-----	-----	4,500
9.	Grinderries (Adhesive, Eyelets, lace etc.)	5000 pairs	15	75,000
10.	Packing materials	5000 pairs	10	50,000

Total Rs. 7, 61, 500

(ii) Salary and wages (per month)

A. Personal for workshop

S.No.	Description	No.	Salary	Total Value (Rs.)
A. Personnel for workshop				
1.	Production Manager (Tech.)	1	12,000	12,000
2.	Designer	1	8,000	8,000
3.	Supervisors (Tech.)	1	6,000	6,000
4.	Skilled workers/machine operators	8	4,500	36,000
5.	Semi Skilled worker	6	3,500	21,000
6.	Unskilled workers	4	3,000	12,000
7.	Electrician and mechanic	1	4,000	4,000
				----- Total Rs. 99,000

B. Personal for administration

1.	Accountant cum Cashier	1	5,000	5,000
2.	Store Keeper	1	4,000	4,000
3.	Watchmen	2	2,500	5,000
4.	Sweeper	1	2,500	2,500
				----- Total Rs. 16,500

Total salary and wages per month (i + ii) 1, 15,500
Add 20% perquisites 23,100

Total Rs. 1, 38,600
Say Rs. 1, 38,500

(iii) UTILITIES (per month)

1.	Power			5,000
2.	Fuel & water			2,000
				----- Total Rs: 7,000

(iv) Other Contingent Expenses (per month)

1. Rent	20,000
2. Repair and Maintenance	2,000
3. Other Consumables store	1,000
4. Insurance	2,000
5. Postage and Telephones expenses	2,000
6. Stationery & Printing	1,000
7. Traveling expenses	3,000
8. Other miscellaneous expenses	2,000

Total Rs.	33,000

(v) Total Recurring Expenses (per month)
(i + ii + iii + IV)

= **9, 40,000**

(vi) Total working capital require for 3 months
= 3 X 9, 40,000

= Rs 28, 20,000

5. Total Capital Investment:-

Fixed capital:	14, 36,100
Working capital for 3 months:	28, 20,000

Total Rs. **42, 56,100**

Financial Aspects:

1. Cost of Production (per annum):-

(a) Rent	2,40,000
(b) Total Recurring expenditure	1, 12, 80,000
© Depreciation on Machinery @ 10%	70,100
(d) Depreciation on tools & equipments@20%	89,000
(e) Depreciation on office and Furniture etc. @ 20%	30,000
(f) Insurance	24,000
(g) Interest on Total Capital Investment @ 15%	6, 37,500

Total Rs:	12,371,515
Say Rs.:	12, 371.500

(d) Total Sales (per annum):-

1. Childred Dress shoes 30,000 pairs @ Rs.210/-per pair	=	63,00,000
2. Children fancy shoes 30,000 pairs @ Rs.240/-per pair	=	72, 00,000

Total sales	=	1, 35, 00,000

PROFITABILITY (Per Annum):-

Sales - Cost of Production

$$1,35,00,000 - 12,371,000 = \text{Rs. } 11,28,500$$

% of Profit on sale =

$$\frac{\text{Profit} \times 100}{\text{Sales per Annum}}$$

$$\frac{11,28,500 \times 100}{1,35,00,000} = 08.36\%$$

% of Return on capital Investment:

$$= \frac{\text{Profit} \times 100}{\text{Total investment}}$$

$$\equiv \frac{11,28,500 \times 100}{42,56,100} = 25.51\%$$

(VI). BREAK EVEN POINT: -

(1) Fixed Cost (per annum)

(a) 40 % of Salaries	6,64,800
(b) 40% of other expenses	5,28,000
(c) 40 % of Utilities	33,600
(d) 10 % of Deprecation on Machinery	70,100
(e) Depreciation on tools & equipments@20%	89,000
(f) Depreciation on office furniture @ 20%	30,000
(g) Rent	2,40,000
(h) Insurance	24,000
(i) Interest on Total Capital Investment @15%	6,38,415

Total Rs. 18,42,715

Break Even Point:

$$= \frac{\text{Fixed cost} \times 100}{\text{Fixed cost} \times \text{profit}} = \frac{18,42,715 \times 100}{18,42,715 + 11,28,500}$$

$$= \frac{184271500}{2971215} = 62.01\%$$

LIST OF MACHINERY AND RAW MATERIAL SUPPLIERS

1.	NSIC Technical Service Centre Sector B-24, Guindi Indl. Estate, Ekkaduthangal, Chennai-32
2.	M/s Atlanta Trading (P) Ltd., Atur House, Worli Naka, Mumbai – 18
3.	M/s Twin Star Engineering, No.98, Pammal Main road, Pammal, Chennai – 75
4.	M/s S.T.International 395, Village Artoni, Mathura Road, Agra – 282007
5.	M/s S.P.Engineering works, Dayal Bag Road,New Agra-5
6.	M/s raj Machine Home Opp.New Jyoti Building, 35/44, Karabala Road, Agra-5
7.	M/s Amjad Finishing Leather Co. 54 Maddox Street, Choolai, Chennai-112

8.	M/s Arkay Leather No.-3,Third Floor,Crown Court,34, Chathedral Road, Chennai-86
9.	M/s Mow Chung tannery Pvt. Ltd. 47,South Tangra road, ----- Kolkatta-46
10.	M/s Enkay HWS India Ltd. B-3 S.M.A. Co-op Ind.estate, G.T.Karnal Road, Delhi-33
11.	M/s Pidlite Industries Ltd. J.B.marg,Nariman Point, Mumbai
12.	M/s APL poly fab pvt.Ltd, 48 C, Matheswar Tala Road, Kolkatat-46
13.	M/s Coats India Ltd., 144, M.G.Marg, Bangalore-01
14.	M/s Asia International, 1523, Qasimjam Street, Lal Kuan, New Delhi
