PROJECT PROFILE

ON

BALLERINA SHOES

Product : Ballerina Shoes

Quality & Standards : As per Customers Choice

Production Capacity : 30,000 pairs Ballerina Shoes per year.

Month & year of Preparation : December, 2005

Prepared by : Small Industries Service Institute
               Government of India,
               Ministry of SSI
               Chambaghat Solan (HP)-173213.
               Phone : 01792-230265, 230766
               E-mail : sisisolan@yahoo.com
               Website: sisihimachal.nic.in
BALLERINA SHOES

A. **Introduction**

Since the time mankind discovered leather as protective materials for the human foot, footwear/shoes were made in different forms and designs. The shoes designs etc., are though changed according to the fashion, but comfort is almost necessity for the upkeep of health specially the human foot. The ballerina shoe is designed and constructed in such a way by taking into account to give free movement more comfort with light in weight and obsorbtion of moisture. The ballerina shoe is used in all room dance etc. The standard of living and style is contributing the development of such industries.

B. **Market**

The manufacture of Ballerina shoes is mainly concentrated at UP and Delhi because of the availability of basic raw materials and skilled labour in this area.

Units in organized sector, including some large scale units are producing these shoes. The demand of such shoes is there in the market and more small scale unit can come up to start this product in view of good scope of export.

C. **Basis and Presumptions**

1. Working Hours 8 hours per day single shift basis
2. To achieve full capacity utilisation 3 to 5 years
3. Labour & wages Monthly salary basis
4. Interest rate for fixed and working capital 16 %
5. Margin money 25 %
6. Pay back period of product 1 to 3 years
7. Rented value Rs. 4500 per month

D. **Implementation Schedule**

It will take one year time to complete all the formalities before starting the commercial production.

E. **Technical Aspects**

I. **Process Outline**

The shoe has a closed circular cut vamp which is joined to the quarters. To manufacture this type shoe, softy uppers, cloth lining, light insole and bottom sole with flat heel, readymade synthetic sole can also be used.
**Upper preparation of Closing**

The patterns are prepared accordingly and made layout on the upper leather and clicked the components. The clicked components are checked thoroughly and sent for skiving department. After proper skiving the lots are stamped and moved to closing section. In the closing section suitable lining to be attached and stitched with upper. Strict supervision should be followed while closing the upper and done corrections if any mistakes of damage at this stage. The closed upper are sent to bottom section.

**Bottom making and construction**

After receiving the closed uppers from closing section once again they are checked properly before mounting and lasting suitable insole and bottom soles (leather or synthetic soles) are prepared. The beveled operation should be done for insole (applicable only for leather insole). The uppers are mounted, on the last and complete the lasting operation. After rubbing with emery paper of the bottom portion adhesive should be applied uniformly with sufficient quantity and allowed to dry 5 to 7 minutes. Simultaneously the bottom soles leather/synthetic sole also rubber well with abrasive paper and applied adhesive and allowed to dry 5 to 7 minutes. Then the bottom sole is fixed well and hammered gently. Trimming should be done in the ease of leather sole mounting. The mounted and bottom fixed shoes are placed in the lasting jack and applied pressure to get uniform and for about ½ an hour. Then the shoes are removed from the lasting jack, polished, finished and packed after making final inspection.

2. **Quality Specification**

The quality of a product depends upon strict supervision and use of correct material according to specification. There is no IS specification. The specification is fixed. by buyer who check the product before receiving the goods.

3. **Production Capacity :- (per Year)**

<table>
<thead>
<tr>
<th>Quantity:</th>
<th>30,000 pairs Ballerina Shoes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>Rs. 72,00,000 Per Annum</td>
</tr>
</tbody>
</table>

4. **Power Requirement**

10HP

5. **Pollution**

This industry will not lead to any type pollution.

6. **Energy Conservation:**

There is no scope of energy conservation.
F. **Financial Aspect :-**  
Fixed Capital  
i) Land and Building:  
   Land : 200 Sq. mtrs. Rented per month Rs.4500/

2. **Machinery & Equipment:**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Ind/Imp</th>
<th>Qty.</th>
<th>Value Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upper skiving Machine with 5 HP Motor (1/2 HP)</td>
<td>Ind.</td>
<td>1 No.</td>
<td>62,000/-</td>
</tr>
<tr>
<td>2.</td>
<td>Electro Hydraulic Swing Arm Clicking Press CM-250D</td>
<td>Ind.</td>
<td>1 No.</td>
<td>85,000/-</td>
</tr>
<tr>
<td>3.</td>
<td>Industrial Sewing Machine power Operated -33 HP @9500/-</td>
<td>Ind.</td>
<td>3 Nos @9500/-</td>
<td>28,500/-</td>
</tr>
<tr>
<td>4.</td>
<td>Industrial Sewing machine Treadle operated @6000/-</td>
<td>Ind.</td>
<td>3 Nos @6000/-</td>
<td>18,000/-</td>
</tr>
<tr>
<td>5.</td>
<td>Zig-Zag Sewing machine 20 HP Open Operated @20,000/-</td>
<td>Ind.</td>
<td>1 No @20,000/-</td>
<td>20,000/-</td>
</tr>
<tr>
<td>6.</td>
<td>Stamping machine 20 HP Open Operated. @25000/-</td>
<td>Ind.</td>
<td>1 No @25000/-</td>
<td>25000/-</td>
</tr>
<tr>
<td>7.</td>
<td>Pattern Sheer and vice</td>
<td>Ind.</td>
<td>1 No @10,000/-</td>
<td>10,000/-</td>
</tr>
<tr>
<td>8.</td>
<td>Pantograph grading</td>
<td>Ind.</td>
<td>1 No @5500/-</td>
<td>5,500/-</td>
</tr>
<tr>
<td>9.</td>
<td>Eyeletting Machine Treadle operated</td>
<td></td>
<td>2 Nos. 1500/-</td>
<td>3,000/-</td>
</tr>
<tr>
<td>10.</td>
<td>Scam rubbing tools</td>
<td>Ind.</td>
<td>2 Nos @1000/-</td>
<td>2,000/-</td>
</tr>
<tr>
<td>11.</td>
<td>Cementing Press Treadle operate machine with compressor @25000/-</td>
<td>Ind.</td>
<td>2 Nos @25000/-</td>
<td>50,000/-</td>
</tr>
<tr>
<td>12.</td>
<td>Combined buffing and finishing machine</td>
<td>Ind.</td>
<td>1 No.</td>
<td>25,000/-</td>
</tr>
</tbody>
</table>

(4)
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Ind/ Imp</th>
<th>Qty.</th>
<th>Value Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.</td>
<td>Trade Mark Embossing Machine</td>
<td>Ind.</td>
<td>2 Nos</td>
<td>10,000/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>@5000/-</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Different tools equipment’s, dies</td>
<td>Ind.</td>
<td></td>
<td>40,000/-</td>
</tr>
<tr>
<td>15.</td>
<td>Wooden shoes lasts</td>
<td>Ind.</td>
<td>200 Pair</td>
<td>35,000/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>@175/-</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Furniture &amp; Fittings (both office and work)</td>
<td></td>
<td></td>
<td>30,000/-</td>
</tr>
<tr>
<td>17.</td>
<td>Installation and Electrification</td>
<td></td>
<td>1</td>
<td>1,000/-</td>
</tr>
</tbody>
</table>

Total Cost of M/c & equipment 4,60,000-00

3 Pre-operative Expenses 10,000-00

Total Fixed Cost 4,70,000-00

G Working Capital (PM)

i) Personnel/Technical Administrative/ Supervisory

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Designation</th>
<th>Nos.</th>
<th>Salary</th>
<th>Total Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Manager</td>
<td>1</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>2.</td>
<td>Supervisor</td>
<td>1</td>
<td>3500</td>
<td>3500</td>
</tr>
<tr>
<td>3.</td>
<td>Accountant/Store keeper</td>
<td>1</td>
<td>3000</td>
<td>3000</td>
</tr>
<tr>
<td>4.</td>
<td>Skilled worker</td>
<td>8</td>
<td>3000</td>
<td>24,000</td>
</tr>
<tr>
<td>5.</td>
<td>Semi -Skilled worker</td>
<td>4</td>
<td>2000</td>
<td>8,000</td>
</tr>
<tr>
<td>6.</td>
<td>Peon, Chowkidar, sweeper</td>
<td>2</td>
<td>2000</td>
<td>4000</td>
</tr>
</tbody>
</table>

Total 47,500

Perquisite @ 15 % 7125

Say 54,600
(ii) **Raw Material Including packing requirements (PM)**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Qty.</th>
<th>Rate</th>
<th>Value Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upper Leather</td>
<td>4250 Sq. ft.</td>
<td>Rs.48 Per Sq. ft.</td>
<td>2,04,000</td>
</tr>
<tr>
<td>2.</td>
<td>Lining Leather sheep/goat</td>
<td>250Kg.</td>
<td>Rs.120 Per Kg.</td>
<td>30,000</td>
</tr>
<tr>
<td>3.</td>
<td>V.T. Sole Leather for insole</td>
<td>250 Kg</td>
<td>Rs.100 Per Kg.</td>
<td>25,000</td>
</tr>
<tr>
<td>4.</td>
<td>Sole Rubber</td>
<td>2500 Pairs</td>
<td>Rs.45 Per Pair</td>
<td>1,12500</td>
</tr>
<tr>
<td>5.</td>
<td>Adhesive &amp; other Grinderies</td>
<td>2500 Pairs</td>
<td>Rs.15 Per Pair</td>
<td>37,500</td>
</tr>
<tr>
<td>6.</td>
<td>Packaging Material</td>
<td>2500 Pairs</td>
<td>Rs.8 Per Pair</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>4,29,000</strong></td>
</tr>
</tbody>
</table>

(iii) **Utilities (PM)**

- Electricity L.S. 3400-00
- Water L.S.
- Fuel L.S.

(iv) **Other expenditure (PM)**

1. Rent 4500
2. Postage, Stationery, Telephone etc. 2000
3. Transportation 2000
4. Repair and maintenance 1500
5. Travelling expenses 2500
6. Advertisement & Publicity 1500
7. Consumables Stores 1000
8. Insurance 500
9. Sales Expenses 1500
10. Misc. expenditure 1000

**Total Cost of other expenditure** 18,000
v) **Total recurring expenditure (PM)**

1. Staff & Labour 54600
2. Raw Materials 429000
3. Utilities 3400
4. Other Expenses 18000

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total:</strong></td>
<td><strong>5,05,000</strong></td>
</tr>
</tbody>
</table>

vi) **Total Working capital (3 months)**

5,05,000 X 3 15,15,000

5. **Total Capital Investment**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Capital</td>
<td>4,70,000</td>
</tr>
<tr>
<td>Working Capital for 3 month</td>
<td>15,15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19,85,000</td>
</tr>
</tbody>
</table>

**Machinery Utilisation**

70 to 80% of major machinery.

H. **Financial Analysis**

1. **Cost of Production (per Year)**

   a. Total recurring cost 60,60,000
   b. Depreciation on machinery @ 10% (on Rs. 3,44,000) 34,400
   c. Depreciation on tools & equipment, Furniture and Shoes lasts @ 25% (on Rs. 1,05,000) 26,250
   d. Interest on capital investment @ 16% 3,17,600

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>64,38,250</strong></td>
</tr>
<tr>
<td><strong>Say</strong></td>
<td><strong>64,38,300</strong></td>
</tr>
</tbody>
</table>

2. **Turn Over :-**

30,000 Pairs Ballerina Shoes @ Rs. 240/ per pair 72,00,000
3. **Net profit (per year)**

(Turnover - Production cost) Profit
72,00,000 (-) 64,38,300 = 7,61,700

4. **Net Profit Ratio**

\[
\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Turnover}} \times 100
\]

\[
\frac{7,61,700 \times 100}{72,00,000} = 10.57\%
\]

5. **Rate of Return**

\[
\text{Rate of Return} = \frac{\text{Net Profit} \times 100}{\text{Total Investment}}
\]

\[
\frac{7,61,700 \times 100}{19,85,000} = 38.37\%
\]

6. **Break even Point**

1. **Fixed cost**

   a) Total Depreciation 60,650-00
   b) Rent 54,000-00
   b) Interest on Total Capital Investment 3,17,600-00
   c) 40% of salaries & Wages 2,62,080-00
   d) 40% of utilities expenses 81,120-00

   \[
   \text{Total Fixed Cost} = 7,75,450-00
   \]

   Say 7,75,500-00

   \[
   \text{BEP} = \frac{\text{Fixed Cost} \times 100}{\text{Fixed cost} + \text{Profit}}
   \]

   \[
   \frac{7,75,500 \times 100}{7,75,500 + 76,1700} = 50.44\%
   \]
**Addresses of Machinery and Equipment Suppliers**

1. M/s S.P. Engg. Works, Dayal Bagh Road, Agra (UP)
2. M/s Benson Industries, 96, Aurobindo Road, Salkia, Howrah
4. M/s Bharat Sales Agency, Hgresham Assurance House 3rd Floor Sir P.M. Road Mumbai- 400 001
5. M/s Singer Industries Production, Division 21, Natraj Subash marg, New Delhi
6. Leather & Packing machinery Corpn., 1/23/B Asaf Ali Road, New Delhi
7. M/s Sanghvi Shoe Accessories (P) Ltd., 11, Harikripa 10th Road Chambur, Mumbai-71

**Addresses of Raw Material Suppliers**

1. M/s Tata Exports, Tannert Division, Dewas (MP)
2. M/s Western India Tannery, Dharavi, Mumbai-17
5. M/s Zar Tannery Leather, Jajmau, Kanpur (UP)
6. M/s Dipak Kumar Pal, Room No. 41-G 86 Biplobi Rash Behari Basu Road, Kolkata
7. M/s Leather Chemical industries, 1-A New Alipur, Kolkata