

## Khadi and Village Industries Commission Mumbai

### Leather Sandal with P.U. Sole

#### Introduction

Leather Sandals and Chappals in different designs and forms are made of leather which is a natural protective material for the foot. The purpose of using sandals is mainly to protect the feet from injury, thorn, insects, heat and cold. With the rapid increase of population and civilization more and more people are using footwear. It may be either chappal or sandal or shoe. The term footwear covers mainly: (i) Chappal (ii) Sandal (iii) Shoe and (iv) Boot The project profile deals with sandals with top made of upper leather and the bottom made of PU sole, which are available in the market readily. PU sole, being more durable, will eliminate a number of operations. Sandals are in more demand from the countries, which have moderate climate or hot climate. Sandals will be more useful than the chappal in populous cities like Kolkata, Mumbai, Delhi, Chennai, Bangalore and many other cities/towns because due to buckle/strap sandals will not come out of feet as the chappal does in a crowded bus or train. Hence from the utility point of view the sandals have also very good market in our country as well as abroad where climate is not cold.

**Process of Manufacture:** The upper components i.e. leather straps, split lining leather for outside straps and inside straps are cut. The straps are skived wherever necessary and pasted with latex or rubber solution. The front straps, which are having selflining, are folded and stitched. The outside and inside straps are pasted and nicked at the deep carved portion to facilitate folding. The split linings are pasted and attached with the outside and inside straps. The buckle holder pieces are also cut and buckles are fixed. The buckle holder piece, which is carrying the buckle, is fixed on the outside by rivets. The ends of the straps are fitted between outside strap and lining, and inside strap and lining. The upper is secured by stitching. The bottom surface of synthetic insoles (PVC) is buffed lightly. These are temporarily fixed under the bottom of the sandal last. The uppers are fitted on the last and lasted under the insole by pasting. Adhesive is applied under the buffed surface of the PVC insole and lasted upper. Mock welts (4 to 5 mm width) are attached on the PU soles all round the edges.

1 **Name of the Product :** **Leather Sandal with P.U. Sole**

2 **Project Cost :**

a Capital Expenditure

Land	:		Own	
Workshed in sq.mts	rental	Rs.		60,000.00
Equipment	:	Rs.		565,400.00

Flat bed single-needle stitching machine, 0.33 H.P. Motor 3, Strap cutting machine 0.5 HP Motor, Upper leather skiving machine complete with table, stand, Hand operated strap folding machine, Buffing and roughening machine, Polishing Machine, Sole cementing press-4 bed operated with Air compressor Trademark embossing

Total Capital Expenditure	Rs.		625,400.00	
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b Working Capital	Rs.		1,656,000.00	
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<b>TOTAL PROJECT COST :</b>	<b>Rs.</b>		<b>2,281,400.00</b>	
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3 **Estimated Annual Production Capacity:** (Rs. in 000)

Sr.No.	Particulars	Capacity in No pairs	Rate	Total Value
1	Gents sandal with P.U. Sole	72000.00		2695.06
<b>TOTAL</b>		<b>72000.00</b>	<b>0.00</b>	<b>2695.06</b>

4 <b>Raw Material</b>	:	<b>Rs.</b>	<b>1,656,000.00</b>	
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5 <b>Labels and Packing Material</b>	:	<b>Rs.</b>	<b>20,000.00</b>	
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6 <b>Wages (Skilled &amp; Unskilled)</b>	:	<b>Rs.</b>	<b>388,000.00</b>	
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7 <b>Salaries Manager-1</b>	:	<b>Rs.</b>	<b>120,000.00</b>	
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8	Administrative Expenses	:	Rs.	103,000.00
9	Overheads	:	Rs.	2,000.00
10	Miscellaneous Expenses	:	Rs.	103,500.00
11	Depreciation	:	Rs.	59,540.00
12	Insurance	:	Rs.	6,254.00
13	Interest (As per the PLR)			
	a. C.E.Loan		Rs.	81,302.00
	b. W.C.Loan		Rs.	215,280.00
	Total Interest		Rs.	296,582.00
14	Working Capital Requirement	:		
	Fixed Cost		Rs.	414,056.00
	Variable Cost		Rs.	2,281,280.00
	Requirement of WC per Cycle		Rs.	449,223.00

15 Cost Analysis

Sr.No.	Particulars	Capacity Utilization(Rs in '000)			
		100%	60%	70%	80%
1	Fixed Cost	414.06	248.43	289.84	331.24
2	Variable Cost	2281.00	1368.60	1596.70	1824.80
3	Cost of Production	2695.06	1617.03	1886.54	1927.94
4	Projected Sales	2736.00	1641.60	1915.20	2188.80
5	Gross Surplus	40.94	24.57	28.66	32.76
6	Expected Net Surplus	-19.00	-35.00	-31.00	-27.00

- Note :
1. All figures mentioned above are only indicative.
  2. If the investment on Building is replaced by Rental then
    - a. Total Cost of Project will be reduced.
    - b. Profitability will be increased.
    - c. Interest on C.E.will be reduced.