

PROJECT REPORT

Of

SLIPPERS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Slippers making unit**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]



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SLIPPER MAKING PROJECT REPORT



INTRODUCTION

Slippers are commonly used in by every household. Mostly made by rubber, slippers are being used for regular and rough use at home. With the increase in using slippers at home and sometimes at outside, many manufacturers from different regions of the nation are setting up slipper making business. This is a profitable business and requires comparatively less investment.

MARKET POTENTIAL

Slipper is one such thing that is used by almost every household. Chappals or commonly called Hawai chappals are being used largely by every section of society. It is obvious that there must be many manufacturers who are in same business. So, the marketing strategies must be unique for you to attract more customers towards your product or business.

To make it popular manufacturers can use advertisements such as local newspapers, leaflets, kiosks, banners and hoardings. For the Indoor advertisements radio channels or television ads can make a lot difference.

MANUFACTURING PROCESS

Raw Material Procurement



Cutting of Rubber/Sole sheets



Drilling of Holes and Strapping



Printing of Color and Branding



Drying



Packing

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur XXXXXXX
- 2 Constitution (legal Status) XXXXXXX
- 3 Father's/Spouce's Name XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block:
District : XXXXX
Pin: XXXXX State:
E-Mail : XXXXX
Mobile XXXXX
- 5 Product and By Product : **Slippers**
- 6 Name of the project / business activity proposed :
- 7 Cost of Project : Rs14.59lac
- 8 Means of Finance
Term Loan Rs.6.93 Lacs
KVIC Margin Money - As per Project Eligibility
Own Capital Rs.1.1 Lacs
Working Capital Rs.3 Lacs
- 9 Debt Service Coverage Ratio : 3.49
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 15 Days
- 12 Break Even Point : 32%
- 13 Employment : 3-4 Persons
- 14 Power Requirement : - HP
- 15 Major Raw materials : Sole Sheets and Strips
- 16 Estimated Annual Sales Turnover : 39.69 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (5000 Sq Ft)	3.00
Plant & Machinery	2.70
Other Equipment	2.00
Working Capital Requirement	3.33
Total	11.03

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	1.10
Term Loan	6.93
Workign Capital Finance	3.00
Total	11.03

Beneficiary's Margin Money
(% of Project Cost)

General
10%

Special
5%

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	1.10	1.10	1.10	1.10	1.10
Retained Profit	3.30	6.39	11.15	18.33	27.82
Term Loan	6.93	5.21	3.49	1.77	-
Cash Credit	5.11	5.11	5.11	5.11	5.11
Sundry Creditors	0.73	1.00	1.23	1.47	1.74
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	17.54	19.21	22.52	28.27	36.31
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	7.70	7.70	7.70	7.70	7.70
Gross Dep.	1.01	1.87	2.63	3.28	3.84
Net Fixed Assets	6.70	5.83	5.07	4.42	3.86
Current Assets					
Sundry Debtors	1.32	1.98	2.39	2.94	3.62
Stock in Hand	5.09	4.44	5.52	6.71	8.10
Cash and Bank	1.93	4.22	6.51	10.87	17.07
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	17.54	19.21	22.52	28.27	36.31
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	39.69	59.38	71.79	88.34	108.65
Total (A)	39.69	59.38	71.79	88.34	108.65
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	31.19	42.89	52.59	63.17	74.64
Electricity Expenses	1.98	2.97	3.59	4.42	8.69
Repair & Maintenance	0.79	1.19	1.44	1.77	2.17
Labour & Wages	2.25	2.48	2.72	2.99	3.29
Depriciation	1.01	0.87	0.75	0.65	0.56
Consumables and Other Expense	0.79	1.19	1.44	1.77	2.17
Cost of Production	38.01	51.58	62.53	74.77	91.53
Add: Opening Stock /WIP	-	3.53	2.29	2.89	3.55
Less: Closing Stock /WIP	3.53	2.29	2.89	3.55	4.37
Cost of Sales (B)	34.48	52.81	61.93	74.11	90.72
<u>C) GROSS PROFIT (A-B)</u>					
	5.21	6.56	9.86	14.23	17.94
	13%	11%	14%	16%	17%
D) Bank Interest (Term Loan)	0.60	0.72	0.52	0.33	0.13
Bank Interest (C.C. Limit)	0.51	0.51	0.51	0.51	0.51
E) Selling & Adm Expenses Exp.	0.79	1.90	2.87	4.42	5.43
TOTAL (D+E)	1.90	3.13	3.91	5.26	6.07
H) NET PROFIT	3.30	3.43	5.95	8.98	11.86
I) Taxation	-	0.34	1.19	1.80	2.37
J) PROFIT (After Tax)	3.30	3.09	4.76	7.18	9.49

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	1.10	-			
Reserve & Surplus	3.30	3.43	5.95	8.98	11.86
Depriciation & Exp. W/off	1.01	0.87	0.75	0.65	0.56
Increase in Cash Credit	5.11	-	-	-	-
Increase In Term Loan	6.93	-	-	-	-
Increase in Creditors	0.73	0.27	0.23	0.25	0.27
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	18.54	4.61	6.97	9.92	12.74
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	7.70	-	-	-	-
Increase in Stock	5.09	0.65	1.08	1.19	1.39
Increase in Debtors	1.32	0.66	0.41	0.55	0.68
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	1.72	1.72	1.72	1.77
Taxation	-	0.34	1.19	1.80	2.37
TOTAL :	16.61	2.32	4.68	5.56	6.54
Opening Cash & Bank Balance	-	1.93	4.22	6.51	10.87
Add : Surplus	1.93	2.29	2.29	4.36	6.20
Closing Cash & Bank Balance	1.93	4.22	6.51	10.87	17.07

COMPUTATION OF MANUFACTURING OF Electric Door Chims

Items to be Manufactured

Slippers Making

Manufacturing Capacity per day	-	700.00	Pairs per hour
	-		
No. of Working Hour		10	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		210,000.00	pairs per year
Year		Capacity	pairs per year
		Utilisation	
IST YEAR		60%	126,000
IIND YEAR		70%	147,000
IIIRD YEAR		80%	168,000
IVTH YEAR		90%	189,000
VTH YEAR		100%	210,000

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	12,600	7,350	8,400	9,450
Production	126,000	147,000	168,000	189,000	210,000
	126,000	159,600	175,350	197,400	219,450
Less : Closing Stock	12,600	7,350	8,400	9,450	10,500
Net Sale	113,400	152,250	166,950	187,950	208,950
Sale Price per pair	35.00	39.00	43.00	47.00	52.00
Sale (in Lacs)	39.69	59.38	71.79	88.34	108.65

COMPUTATION OF RAW MATERIAL

No. of Sole sheet required

10,500.00

Sole Sheets Requirement

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Capacity	60%	70%	80%	90%	100%
Op Stock	-	630	735	840	945
Production	6,300	7,350	8,400	9,450	10,500
	6,300	7,980	9,135	10,290	11,445
Less : Closing Stock	630	735	840	945	1,050
Net Sale	5,670	7,245	8,295	9,345	10,395
Sale Price per sheet	430.00	432.00	434.00	436.00	438.00
Sale (in Lacs)	24.38	31.30	36.00	40.74	45.53

Strips

(No. of Strips required per pair)

2.00

Total strips required

420,000.00

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Capacity	60%	70%	80%	90%	100%
Op Stock	-	25,200	29,400	33,600	37,800
Production	252,000	294,000	336,000	378,000	420,000
	252,000	319,200	365,400	411,600	457,800
Less : Closing Stock	25,200	29,400	33,600	37,800	42,000
Net Sale	226,800	289,800	331,800	373,800	415,800
Sale Price per strip	3.00	4.00	5.00	6.00	7.00
Sale (in Lacs)	6.80	11.59	16.59	22.43	29.11

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>Finished Goods</u>					
(15 Days requirement)	3.53	2.29	2.89	3.55	4.37
<u>Raw Material</u>					
(15 Days requirement)	1.56	2.14	2.63	3.16	3.73
Closing Stock	5.09	4.44	5.52	6.71	8.10

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total Amount
Stock in Hand			5.09
Sundry Debtors			1.32
		Total	6.41
Sundry Creditors			0.73
Working Capital Requirement			5.68
Margin			0.57
Working Capital Finance			5.11

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	TOTAL
Rate of Depreciation		10.00%	15.00%	
Opening Balance	Leased	-	-	-
Addition	-	3.00	4.70	7.70
	-	3.00	4.70	7.70
Less : Depreciation	-	0.30	0.71	1.01
WDV at end of Ist year	-	2.70	4.00	6.70
Additions During The Year	-	-	-	-
	-	2.70	4.00	6.70
Less : Depreciation	-	0.27	0.60	0.87
WDV at end of IIInd Year	-	2.43	3.40	5.83
Additions During The Year	-	-	-	-
	-	2.43	3.40	5.83
Less : Depreciation	-	0.24	0.51	0.75
WDV at end of IIIrd year	-	2.19	2.89	5.07
Additions During The Year	-	-	-	-
	-	2.19	2.89	5.07
Less : Depreciation	-	0.22	0.43	0.65
WDV at end of IV year	-	1.97	2.45	4.42
Additions During The Year	-	-	-	-
	-	1.97	2.45	4.42
Less : Depreciation	-	0.20	0.37	0.56
WDV at end of Vth year	-	1.77	2.09	3.86

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IIST YEAR	Opening Balance						
	Ist Quarter	-	6.93	6.93	-	-	6.93
	Iind Quarter	6.93	-	6.93	0.20	-	6.93
	IIIRD Quarter	6.93	-	6.93	0.20	-	6.93
	Ivth Quarter	6.93	-	6.93	0.20	-	6.93
					0.60	-	
IIND YEAR	Opening Balance						
	Ist Quarter	6.93	-	6.93	0.20	0.43	6.50
	Iind Quarter	6.50	-	6.50	0.19	0.43	6.07
	IIIRD Quarter	6.07	-	6.07	0.17	0.43	5.64
	Ivth Quarter	5.64	-	5.64	0.16	0.43	5.21
					0.72	1.72	
IIIRD YEAR	Opening Balance						
	Ist Quarter	5.21	-	5.21	0.15	0.43	4.78
	Iind Quarter	4.78	-	4.78	0.14	0.43	4.35
	IIIRD Quarter	4.35	-	4.35	0.13	0.43	3.92
	Ivth Quarter	3.92	-	3.92	0.11	0.43	3.49
					0.52	1.72	
IIVTH YEAR	Opening Balance						
	Ist Quarter	3.49	-	3.49	0.10	0.43	3.06
	Iind Quarter	3.06	-	3.06	0.09	0.43	2.63
	IIIRD Quarter	2.63	-	2.63	0.08	0.43	2.20
	Ivth Quarter	2.20	-	2.20	0.06	0.43	1.77
					0.33	1.72	
IIVTH YEAR	Opening Balance						
	Ist Quarter	1.77	-	1.77	0.05	0.43	1.34
	Iind Quarter	1.34	-	1.34	0.04	0.43	0.91
	IIIRD Quarter	0.91	-	0.91	0.03	0.43	0.48
	Ivth Quarter	0.48	-	0.48	0.01	0.48	0.00
					0.13	1.77	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>		3.96	5.51	7.83	10.05
Interest on Term Loan		0.72	0.52	0.33	0.13
Total		4.68	6.04	8.16	10.18
<u>REPAYMENT</u>					
Instalment of Term Loan		1.72	1.72	1.72	1.77
Interest on Term Loan		0.72	0.52	0.33	0.13
Total		2.44	2.24	2.05	1.90
DEBT SERVICE COVERAGE RATIO		1.92	2.69	3.99	5.36
AVERAGE D.S.C.R.			3.49		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	39.69	59.38	71.79	88.34	108.65
Less : Op. WIP Goods	-	3.53	2.29	2.89	3.55
Add : Cl. WIP Goods	3.53	2.29	2.89	3.55	4.37
Total Sales	43.22	58.14	72.38	89.00	109.47
Variable & Semi Variable Exp.					
Raw Material & Tax	31.19	42.89	52.59	63.17	74.64
Electricity Exp/Coal Consumption at 85%	1.69	2.52	3.05	3.75	7.39
Manufacturing Expenses 80%	1.27	1.90	2.30	2.83	3.48
Wages & Salary at 60%	1.35	1.49	1.63	1.80	1.98
Selling & administrative Expenses 80%	0.64	1.52	2.30	3.53	4.35
Intt. On Working Capital Loan	0.51	0.51	0.51	0.51	0.51
Total Variable & Semi Variable Exp	36.64	50.83	62.38	75.60	92.34
Contribution	6.58	7.31	10.00	13.41	17.13
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.32	0.48	0.57	0.71	0.87
Electricity Exp/Coal Consumption at 15%	0.30	0.45	0.54	0.66	1.30
Wages & Salary at 40%	0.90	0.99	1.09	1.20	1.32
Interest on Term Loan	0.60	0.72	0.52	0.33	0.13
Depreciation	1.01	0.87	0.75	0.65	0.56
Selling & administrative Expenses 20%	0.16	0.38	0.57	0.88	1.09
Total Fixed Expenses	3.28	3.88	4.05	4.43	5.27
Capacity Utilization	60%	70%	80%	90%	100%
OPERATING PROFIT	3.30	3.43	5.95	8.98	11.86
BREAK EVEN POINT	30%	37%	32%	30%	31%
BREAK EVEN SALES	21.52	30.87	29.33	29.41	33.68

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