

PROJECT REPORT

Of

SPORTS FOOTWEAR

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Sports Footwear Manufacturing 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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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **SPORTS SHOES**
- 6 Name of the project / business activity proposed : **SPORTS FOOTWEAR MANUFACTURING UNIT**
- 7 Cost of Project : Rs.15.6 Lakhs
- 8 Means of Finance
- Term Loan Rs.9.63 Lakhs
- Own Capital Rs.1.56 Lakhs
- Working Capital Rs.4.41 Lakhs
- 9 Debt Service Coverage Ratio : 3.31
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 34%
- 13 Employment : 10 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Rubber Molded,Lining & Foam, Insole/Upper Leather, Studs, adhesives, consumables, Packing material etc.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 90.40 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	9.50
Furniture & Fixtures	1.20
Working Capital	4.90
Total	15.60

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.56
Working Capital(Finance)	4.41
Term Loan	9.63
Total	15.60

SPORTS FOOTWEAR MANUFACTURING UNIT

Introduction:

The sports merchandise industry in India has seen an exceptional development in the course of recent many years and now possesses a position of noticeable quality in the Indian economy considering its enormous potential for work, development and fare. There has been an expanding accentuation on its arranged turn of events, focused on ideal use of assets for augmenting the profits, especially from trades. As of late, the nation has been facilitating numerous global games and this has given a lift to this area. Numerous unfamiliar and homegrown corporate retailers have entered sports retail. The games merchandise industry is generally assembled at Jalandhar and Meerut. There are obviously, different places additionally where sports merchandise things are fabricated somewhat. Kolkata, Mumbai, Delhi and Indore are among them.



Uses & Market Potential:

Sports shoes are intended to shield your feet from the street, given foothold on various surfaces, pad the arrival stun and uphold your feet. The upper of this sort of shoe is made like those of warm-up shoes with froth lining. The quarters of this shoe

are having a more extended opening for simple wearing. The running shoes are for the most part made in warm shoe development and spikes are fixed on the sole for better grasp. Running shoes are intended to handle the stun of 2.5 occasions your body weight that is made by the effect each time your foot strikes the ground.

Worldwide footwear market is relied upon to earn \$ 371.8 billion by 2020, enrolling a CAGR of 5.5% during the figure time frame 2015 - 2020. Footwear industry is developing at a consistent speed since the previous few years. The rising interest for extravagant, in vogue yet agreeable footwear among all age bunches is a key factor driving the worldwide footwear industry. The worldwide footwear market is sectioned by sort of footwear, end clients of footwear, different stages available to be purchased of footwear, material utilized, and their deals across different geologies. Asian nations, for example, China and India are significant exporters of footwear. Vulcanized elastic sole warm-up shoes of lighter load of good quality have the most extreme interest. The interest for hockey, football and cricket boots is likewise there since these games are played everywhere on the country. Along these lines it is felt that there is an adequate prerequisite of sports shoes in each area. In addition, the fair value of such items from our nation is brilliant, seeing the latest thing Shoe units planning to produce sports shoe of various sorts, can, hence, support reasonability by obliging the expanding needs.

Product:

SPORTS FOOTWEAR

Raw Material:

1. Rubber moulded/leather sole
2. Lining & foam
3. Insole leather
4. Upper leather
5. Studs
6. Adhesive & other consumables
7. Packing material

Manufacturing Process:

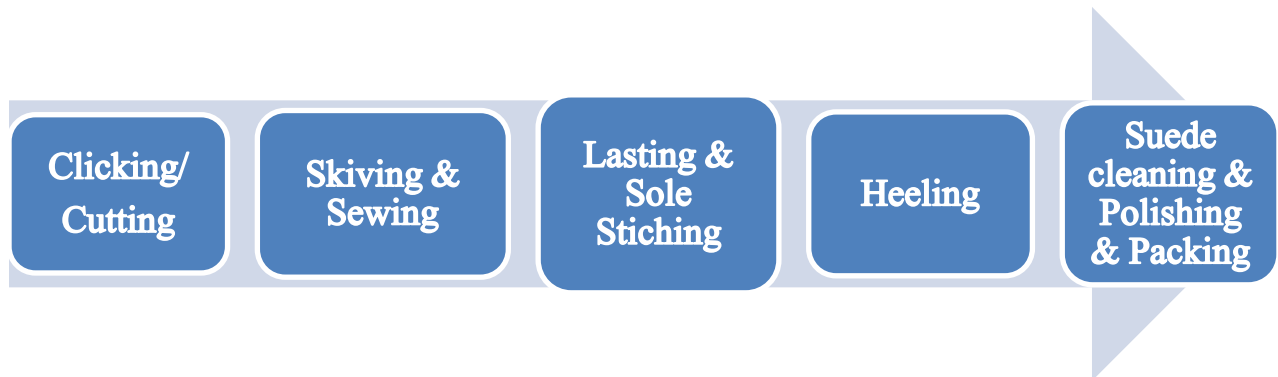


Fig. 1 – Process Flowchart

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1500-2000Sqft

Cost of Machines:

S No.	Machine	Unit	Price (INR)
1.	Clicker Machine	1	3,00,000/-
2.	Skiving Machine	1	50,000/-
3.	Sewing Machine	1	2,50,000/-
4	Lasting Machine	1	3,00,000/-
5.	Other Tools & Equipments		50,000/-
	Total		9,50,000/-

Power Requirement- - The estimated Power requirement is taken at 20 HP

Manpower Requirement- Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helpers-3
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	1.31	2.99	4.78	6.69
Add: Additions	1.56	-	-	-	-
Add: Net Profit	5.05	5.88	6.59	7.40	8.25
Less: Drawings	5.30	4.20	4.80	5.50	6.10
Closing Balance	1.31	2.99	4.78	6.69	8.83
CC Limit	4.41	4.41	4.41	4.41	4.41
Term Loan	8.56	6.42	4.28	2.14	-
Sundry Creditors	1.50	1.68	1.87	2.07	2.27
TOTAL :	15.78	15.50	15.34	15.30	15.51
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	10.70	10.70	10.70	10.70	10.70
Gross Dep.	1.55	2.86	3.99	4.95	5.78
Net Fixed Assets	9.16	7.84	6.71	5.75	4.92
Current Assets					
Sundry Debtors	2.74	3.25	3.65	4.07	4.52
Stock in Hand	3.66	4.12	4.60	5.10	5.61
Cash and Bank	0.23	0.30	0.38	0.39	0.45
TOTAL :	15.78	15.50	15.34	15.30	15.51
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	54.72	64.91	72.99	81.43	90.40
Total (A)	54.72	64.91	72.99	81.43	90.40
<u>B) COST OF SALES</u>					
Raw Material Consumed	30.00	33.66	37.44	41.34	45.36
Electricity Expenses	2.24	2.46	2.69	2.91	3.13
Repair & Maintenance	1.64	2.27	3.07	3.50	3.89
Labour & Wages	7.81	8.98	10.33	11.88	13.66
Depreciation	1.55	1.32	1.13	0.96	0.82
Cost of Production	43.24	48.70	54.65	60.59	66.87
Add: Opening Stock /WIP	-	2.16	2.43	2.73	3.03
Less: Closing Stock /WIP	2.16	2.43	2.73	3.03	3.34
Cost of Sales (B)	41.07	48.42	54.35	60.30	66.55
C) GROSS PROFIT (A-B)	13.65	16.49	18.64	21.13	23.84
	24.94%	25.40%	25.54%	25.95%	26.38%
D) Bank Interest i) (Term Loan)	1.04	0.85	0.62	0.38	0.15
ii) Interest On Working Capital	0.48	0.48	0.48	0.48	0.48
E) Salary to Staff	4.16	4.99	5.99	7.19	8.62
F) Selling & Adm Expenses Exp.	2.74	3.89	4.38	4.89	5.33
G) TOTAL (D+E+F)	8.42	10.22	11.47	12.94	14.59
H) NET PROFIT	5.22	6.27	7.17	8.19	9.26
	9.5%	9.7%	9.8%	10.1%	10.2%
I) Taxation	0.17	0.39	0.58	0.79	1.01
J) PROFIT (After Tax)	5.05	5.88	6.59	7.40	8.25

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.56	-	-	-	-
Reserve & Surplus	5.22	6.27	7.17	8.19	9.26
Depriciation & Exp. W/off	1.55	1.32	1.13	0.96	0.82
Increase In Cash Credit	4.41	-	-	-	-
Increase In Term Loan	9.63	-	-	-	-
Increase in Creditors	1.50	0.18	0.19	0.20	0.20
TOTAL :	23.86	7.77	8.48	9.35	10.28
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	10.70	-	-	-	-
Increase in Stock	3.66	0.46	0.49	0.49	0.51
Increase in Debtors	2.74	0.51	0.40	0.42	0.45
Repayment of Term Loan	1.07	2.14	2.14	2.14	2.14
Taxation	0.17	0.39	0.58	0.79	1.01
Drawings	5.30	4.20	4.80	5.50	6.10
TOTAL :	23.64	7.69	8.41	9.34	10.21
Opening Cash & Bank Balance	-	0.23	0.30	0.38	0.39
Add : Surplus	0.23	0.07	0.08	0.01	0.07
Closing Cash & Bank Balance	0.23	0.30	0.38	0.39	0.45

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	2.16	2.43	2.73	3.03	3.34
<u>Raw Material</u>					
(15 Days requirement)	1.50	1.68	1.87	2.07	2.27
Closing Stock	3.66	4.12	4.60	5.10	5.61

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.66		
Less:			
Sundry Creditors	1.50		
Paid Stock	2.16	0.22	1.95
Sundry Debtors	2.74	0.27	2.46
Working Capital Requirement			4.41
Margin			0.49
MPBF			4.41
Working Capital Demand			4.41

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	9.63	9.63	0.26	-	9.63
	Iind Quarter	9.63	-	9.63	0.26	-	9.63
	IIIrd Quarter	9.63	-	9.63	0.26	0.54	9.10
	Ivth Quarter	9.10	-	9.10	0.25	0.54	8.56
					1.04	1.07	
II	Opening Balance						
	Ist Quarter	8.56	-	8.56	0.24	0.54	8.03
	Iind Quarter	8.03	-	8.03	0.22	0.54	7.49
	IIIrd Quarter	7.49	-	7.49	0.21	0.54	6.96
	Ivth Quarter	6.96		6.96	0.19	0.54	6.42
					0.85	2.14	
III	Opening Balance						
	Ist Quarter	6.42	-	6.42	0.18	0.54	5.89
	Iind Quarter	5.89	-	5.89	0.16	0.54	5.35
	IIIrd Quarter	5.35	-	5.35	0.15	0.54	4.82
	Ivth Quarter	4.82		4.82	0.13	0.54	4.28
					0.62	2.14	
IV	Opening Balance						
	Ist Quarter	4.28	-	4.28	0.12	0.54	3.75
	Iind Quarter	3.75	-	3.75	0.10	0.54	3.21
	IIIrd Quarter	3.21	-	3.21	0.09	0.54	2.68
	Ivth Quarter	2.68		2.68	0.07	0.54	2.14
					0.38	2.14	
V	Opening Balance						
	Ist Quarter	2.14	-	2.14	0.06	0.54	1.61
	Iind Quarter	1.61	-	1.61	0.04	0.54	1.07
	IIIrd Quarter	1.07	-	1.07	0.03	0.54	0.53
	Ivth Quarter	0.53		0.53	0.01	0.54	- 0.00
					0.15	2.14	
Door to Door Period		60	Months				
Moratorium Period		6	Months				
Repayment Period		54	Months				

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	6.60	7.20	7.72	8.37	9.07
Interest on Term Loan	1.04	0.85	0.62	0.38	0.15
Total	7.64	8.05	8.34	8.75	9.22
<u>REPAYMENT</u>					
Repayment of Term Loan	1.07	2.14	2.14	2.14	2.14
Interest on Term Loan	1.04	0.85	0.62	0.38	0.15
Total	2.11	2.99	2.76	2.52	2.29
DEBT SERVICE COVERAGE RATIO	3.61	2.69	3.02	3.47	4.03
AVERAGE D.S.C.R.			3.31		

Assumptions:

1. Production Capacity of Sports Footwear unit is taken at 80 Pairs per day. First year, Capacity has been taken @ 50%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 15 days.
4. Credit period to Sundry Debtors has been given for 15 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 20 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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