

**PROJECT PROFILE**  
**ON**  
**CANVAS SHOES**  
**( With Rubber Sole )**

NAME OF THE PRODUCT : **CANVAS SHOES (With Rubber Sole)**

PRODUCT CODE : 30130100X.

QUALITY & STANDARD : ISI:3735-1966 Canvas Shoes  
with Rubber Sole - Reaffirmed 1991.

PRODUCTION CAPACITY : Quantity - 1,20,000 Pairs  
Value - Rs. 1,44,00,000/-

MONTH & YEAR  
OF PREPARATION : February, 2014.

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# **CANVAS SHOES**

## **( With Rubber Sole )**

### **1. INTRODUCTION:**

Rubber and Canvas Shoes are extensively used by Army, Navy, Air Force, Police, Home Guards, NCC Cadets. They are also used by civilians for casual wear and sports. They are gaining popularity among students and children.

As the name indicates they shoes are made with canvas uppers and rubber soles by vulcanisation process. The increasing popularity is due to its cheap cost and comforts in use. This item is also used in general. Students also use this product for P.T. and other activities of games.

### **2. MARKET POTENTIAL:**

Footwear is a part of the apparel, which protects the foot from vagaries of nature. In addition to this, other necessities of the human being like fashion, customs etc. have a bearing on the requirement of footwear. Canvas shoes are the one of them.

The rubber and canvas shoes are mostly manufactured by large scale units like Bata, Carona. Now-a-days there are a number of small scale units manufacturing canvas shoes in West Bengal, Punjab, Kerala, Maharashtra, Rajasthan and Haryana. The installed capacity this industry is estimated at 20 million pairs per annum. However, 70% of its capacity is utilized.

Demand of these shoes is increasing day by day due to its cheapness and usefulness. It is estimated that this will increase by 8% to 10% per annum. There is bright scope to set up new units in U.P. for canvas shoes.

### **3. Production Target (Per Annum):**

|                     |   |                           |
|---------------------|---|---------------------------|
| Production Capacity | : | Quantity - 1,20,000 Pairs |
|                     |   | Value - Rs. 1,44,00,000/- |

#### 4. BASIS & PRESUMPTIONS:

Production of Canvas Shoes is based on single shift operation of 8 hours duration daily with 25 working days in a month. The sale may vary with the design of shoes, quality of canvas, rubber and other material used.

It has been presumed that the proposed unit will achieve 50% of its capacity in the 1<sup>st</sup> year of operation which will rise to 60% =, 7-0%, 80% and 90% in 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> year respectively.

Sales revenue has been calculated on full capacity utilisation as given above. In the man-power projection, it has been presumed that the administrative and managerial staff will remain the same. Direct as well as casual labour will be utilized at 60% of their strength in 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year and 90% in the 4<sup>th</sup> & 5<sup>th</sup> year.

#### 5. Implementation Schedule:

|   |   |   |  |
|---|---|---|--|
| 1 | Site selection and construction of building | - | One Year   |
| 2 | Preparation of Project Report               | - | 20 days  |
| 3 | Registration of unit                        | - | 7 days   |
| 4 | Finance on machinery and working capital    | - | 75% from financial institutions and rest 25% will be contributed by the borrower of the unit within 3 months |
| 5 | Installation of machinery                   | - | 25 days  |
| 6 | Trial Production                            | - | 12 days  |
| 7 | Arrangement of labour and staff             | - | 20 days  |
| 8 | Commencement of production                  | - | 30 days  |
| 9 | Achievement of production targets           | - | 90% in 3 months  |

#### 6. Technical Aspects:

##### Production Details & Process of Manufacture:

The process is divided in four departments viz:

- (a) Rubber Mixing Section.
- (b) Canvas Upper Checking and Sewing Section.
- (c) Assembly Section.
- (d) Finishing & Packing Section.

- (a) In Rubber Section, rubber mixture for sole is mixed, taking 100 parts rubber, 50 parts fillers, 4 to 5 parts sulphur, ½ part organic accelerators and 3 to 4 parts pine oil. The fixing gum contains 15% more raw rubber and 3 to 5 % resin. This cement is also prepared by mixing this mixture in mixing well thoroughly and then placing it in a chamber which is a tank fitted with electrically operated paddh. Neptha is being added to the mixture where the mixture is churned for calendaring the cloth for making rubberized cloth for tongue, insole, and for applying this binder for lasting. Thick cement is used for tongue and then for sole. Neptha is added accordingly. For outer sole, rubber is spread and soles are chicked.
- (b) The various components of canvas uppers are cut, stitched, eyelets are fixed on the upper by machine. The inner sole is placed on lasts and the upper part is lasted with aluminium lasts and is pressed with hand roller and the bottom is pasted.
- (c) Cement is applied on bottom of shoe and sole is placed on it and pressed with roller. Noak is pasted on toe. For cement fixing, a string of proper length is taken in extender and is pasted all around the edge of shoes. Pressure is applied through metal roller. The pasted shoes are placed on metal lears of metal framed trollies for vulcanizing. The vulcaniser is a horizontal circular shaped shell boiler with steam coils. Air pressure is used for compacting the rubber and to shorten the vulcanizing time. The trollies with the lasted shoes are pushed into the vulcaniser. The vulcaniser is closed and air pressure is applied. There must be sufficient steam in the coils to let up to 275<sup>0</sup>F. After the vulcanization is complete the goods are taken out. The time is 5 to 15 minutes depending upon the type of accelerator used.
- (d) After cooling, the shoes are removed from lasts inspected, laced and packed.

## 7. FINANCIAL ASPECTS:

### Land & Building:

|  |   |                              |
|--|---|------------------------------|
| a) Land approximately 1000 sq. mtr. @ Rs.5000/- sqq.mtr. | - | Rs. 5,00,000/-               |
| b) Building  |   |                              |
| 1. Covered Area 600 sqq. Mtr. @. Rs.5500/-               | - | Rs.33,00,000/-               |
| 2. Fencing, Water arrangements, stores etc.              |   | <u>Rs. 50,000/-</u>          |
| <b>Total:</b>  | - | <b><u>Rs.38,50,000/-</u></b> |

## 8. Machinery & Equipments:

| Sl No | Description   | Qty. (Nos) | Value (Rs.)        |
|-------|---|------------|--------------------|
| 1.    | Mixing Mill 14"X36' with chilled cast rolls with reducing gear 50 HP motor. | 1          | 1,85,500/-         |
| 2.    | Rubber Spreading machine 12'X30" with 25 HP Motor                           | 1          | 75,500/-           |
| 3.    | Vulcaniser 9'X5'  | 1          | 92,000/-           |
| 4.    | Boiler  | 1          | 50,500/-           |
| 5.    | Embossing Machine   | 1          | 5,000/-            |
| 6.    | Churner with 1 HP Motor   | 2          | 22,000/-           |
| 7.    | Eyeletting Machine  | 1          | 13,500/-           |
| 8.    | Clicking Press Power operated with 5 HP Motor                               | 1          | 78,000/-           |
| 9.    | Sewing Machines (Incl.) power operated                                      | 10         | 70,000/-           |
| 10    | Printing & Marking Machine power operated                                   | 1          | 19,500/-           |
| 11    | Calendaring Machine   | 1          | 1,35,500/-         |
| 12    | Aluminium and Iron Shoe lasts @ 900/-                                       | 100 pairs  | 90,000/-           |
| 13    | Extruder for fixing   | 1          | 22,500/-           |
| 14    | Moulds & Dies for upper & Bottom clicking                                   |            | 35,000/-           |
| 15    | Trollies  |            | 30,000/-           |
| 16    | Office Equipments   |            | 50,000/-           |
| 17    | Tank Storing Neptha etc.  |            | 15,000/-           |
| 18    | Miscellaneous equipments  |            | 20,550/-           |
| 19    | Installation charges @ 10% of cost of machinery                             |            | 85,950/-           |
|       | <b>Total:-</b>  | <b>Rs.</b> | <b>10,96,000/-</b> |

## 9. TOTAL FIXEE CAPITAL:

|     |                        |            |                    |
|-----|------------------------|------------|--------------------|
| i)  | Land & Building        | Rs.        | 38,50,000/-        |
| ii) | Machinery & Equipments | Rs.        | 10,96,000/-        |
|     | <b>Total:</b>          | <b>Rs.</b> | <b>49,46,000/-</b> |

**10. Staff & Labour (Per Month):**

| Sl No | Description                           | No.           |            | Total (Rs.)       |
|-------|---------------------------------------|---------------|------------|-------------------|
|       | <b>(a) DIRECT LABOUR</b>              |               |            |                   |
| 1.    | Supervisor                            | 1             | Rs.        | 10,000/-          |
| 2.    | Fore,man                              | 1             | Rs.        | 8,000/-           |
| 3.    | Skilled Workers/<br>Machine Operators | 20            | Rs.        | 90,000/-          |
| 4.    | Semi-Skilled Workers                  | 10            | Rs.        | 40,000/-          |
| 5.    | Unskilled Workers                     | 8             | Rs.        | 24,000/-          |
| 6.    | Mechanic/Electrician                  | 1             | Rs.        | 5,000/-           |
|       | <b>(b) INDIRECT LABOUR</b>            |               |            |                   |
| 1.    | Manager-cum-Chemist<br>(Rubber)       | 1             | Rs.        | 18,000/-          |
| 2.    | Accountant                            | 1             | Rs.        | 7,000/-           |
| 3.    | Clerk                                 | 1             | Rs.        | 5,000/-           |
| 4.    | Store-Keeper                          | 1             | Rs.        | 5,000/-           |
| 5.    | Salesman                              | 1             | Rs.        | 5,000/-           |
| 6.    | Watchman/Peon                         | 1             | Rs.        | 4,500/-           |
| 7.    | Part Time Sweeper                     | 1             | Rs.        | 2,500/-           |
|       |                                       | <b>Total:</b> | <b>Rs.</b> | <b>2,24,000/-</b> |

**11. Raw material (Per Month):**

| Sl No | Description  | Qty.               | Rate (Rs.)    | Value (Rs.)       |
|-------|--|--------------------|---------------|-------------------|
| 1.    | Canvas Cloth for Upper   | 1250 Mtrs          | 65/-          | 81,250/-          |
| 2.    | Lining for Upper   | 1250 Mtrs.         | 22/-          | 27,500/-          |
| 3.    | Rubber (Sole/Insole)<br>Compound   | 1250 Kg            | 75/-          | 93,750/-          |
| 4.    | Rubber Patti, Tape<br>(Cotton) Insole, Counter<br>for Rubberised cloth,<br>laces, Packing & other<br>grinderies etc. | For 10000<br>Pairs | 35/-          | 3,50,000/-        |
|       |  |                    | <b>Total:</b> | <b>5,52,500/-</b> |

**12. UTILITIES (Per Month):**

|    |                   |                 |
|----|-------------------|-----------------|
| a) | Electricity/Water | 40,000/-        |
| b) | Fuel              | 20,000/-        |
|    | <b>Total:</b>     | <b>60,000/-</b> |

**13. Other Expenses (Per Month):**

|    |                        |                 |
|----|------------------------|-----------------|
| 1. | Stationery/Postage     | 2,000/-         |
| 2. | Telephone              | 2,000/-         |
| 3. | Transportation         | 7,000/-         |
| 4. | Travelling             | 5,000/-         |
| 5. | Repair/Maintenance     | 5,000/-         |
| 6. | Advertisement          | 5,000/-         |
| 7. | Office Expenses        | 5,000/-         |
| 8. | Insurance              | 2,000/-         |
| 9. | Miscellaneous expenses | 2,000/-         |
|    | <b>Total:</b>          | <b>35,000/-</b> |

**14. Working Capital (Per Month):**

|    |                |                   |
|----|----------------|-------------------|
| 1. | Staff & Labour | 2,24,000/-        |
| 2. | Raw Materials  | 5,52,500/-        |
| 3. | Utilities      | 60,000/-          |
| 4. | Other Expenses | 35,000/-          |
|    | <b>Total:</b>  | <b>8,71,500/-</b> |

**Working Capital for 3 months: 8,71,500 X 3 = 26,14,500/-**

**15. Total Capital Investment:**

|    |                              |                    |
|----|------------------------------|--------------------|
| 1. | Fixed Capital                | 49,46,000/-        |
| 2. | Working Capital for 3 months | 26,14,500/-        |
|    | <b>Total:</b>                | <b>75,60,500/-</b> |

**16. Cost of Production (Per Annum):**

|    |   |                      |
|----|---|----------------------|
| 1. | Working Capital for one year                        | 1,04,58,000/-        |
| 2. | Depreciation on Building @ 5%                       | 1,92,500/-           |
| 3. | Depreciation on Machinery @ 10%                     | 81,450/-             |
| 4. | Depreciation on office equipments @ 20%             | 10,000/-             |
| 5. | Depreciation on Shoe lasts tools & equipments @ 25% | 36,400/-             |
| 6. | Interest on Capital Investment @ 15%                | 11,34,075/-          |
|    | <b>Total:</b>                                       | <b>1,19,12,425/-</b> |

**17. Total Sales (Per Annum):**

|  |               |
|--|---------------|
| By Sale of 1,20,000 Pairs of Canvas shoes @ Rs. 120/- per pair | 1,44,00,000/- |
|--|---------------|

**18. Profit (Before Taxation) (Per Annum):**

|               |       |                    |                   |
|---------------|-------|--------------------|-------------------|
| Annual Sales  | ( - ) | Cost of Production |                   |
| 1,44,00,000/- | ( - ) | 1,19,12,425/-      | = Rs. 24,87,575/- |

**19. Net Profit Ratio:**

|                         |                          |       |
|-------------------------|--------------------------|-------|
| <u>Net profit X 100</u> | <u>24,87,575/- x 100</u> |       |
| Turn Over               | 1,44,00,000/-            | = 17% |

**20. RATE OF RETURN:**

|                         |                          |         |
|-------------------------|--------------------------|---------|
| <u>Net profit X 100</u> | <u>24,87,575/- x 100</u> |         |
| Total Investment        | 75,60,000/-              | = 32.9% |



## 21. Break Even Point:

### BREAK EVEN ANALYSIS:

#### Fixed Cost:

|   |  |                    |
|---|--|--------------------|
| 1 | Depreciation on Machinery @ 10%                      | 81,450/-           |
| 2 | Depreciation on Building @ 5%                        | 1,92,500/-         |
| 3 | Depreciation on tools, Shoe Lasts & equipments @ 25% | 36,400/-           |
| 4 | Depreciation on Office Equipments @ 20%              | 10,000/-           |
| 5 | 40% of Salaries & Wages                              | 10,75,200/-        |
| 6 | 40% of other expenses                                | 1,68,000/-         |
| 7 | 40% of utilities                                     | 2,88,000/-         |
| 8 | Interest on Total Capital Investment @ 15%           | 11,34,075/-        |
|   | <b>Total:</b>  | <b>29,85,625/-</b> |

$$\frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Profit}} = \frac{29,85,625 \times 100}{29,85,625 + 24,87,575/-} = 54.5\%$$

## 22. Names & Addresses of Machinery & Equipment suppliers:

1. M/s Sohal Engineering Works, L.B. Shastri Marg, Bhandup, Mumbai-400078.
2. M/s Indian Expeller Works Pvt. Ltd., A/4 Naroda Industrial Estate, Naroda, Ahmedabad-382330,
3. M/s Premier Engineering Works, SIRHIND (Punjab)

## 23. Names & Address of Raw Materials, Components & Spares Suppliers:

1. Imperial Chemical Industries Ltd.,
  - a) Crescent House, Willet Road, Ballard Estate, Mumbai.
  - b) Chowranghee Road, Kolkata.
2. M/s Chika Ltd., Mehta Chambers, 13, Mathura Road, Mumbai.
3. M/s Nayan chemicals, basti Sheikh Road, Jalandhar.

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