

***PROJECT PROFILE***

***ON***

***SAFETY BOOTS***

Product : Safety Boots

Product Code : 29900600

Quality Standard : IS : 10348-1982

Production Capacity (per annum) : 48000 pair  
Value - Rs. 2,49,60,000/-

Month & Year of Preparation : March, 2006

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## **Introduction**

Manufacturing of safety boots is one of the toughest and important item of footwear industry. The name of the item itself indicates that the product has a specified quality providing extra safety to the foot from its nature of use. Nowadays two types of safety boots are in demand, one type is Hi-Neck size and another is below Neck boots are being manufactured from zug-grain upper leather and double sole with vegetable tanned leather. These types of shoes are in demand from mining, defence, steel plants, heavy industries, and road and dam construction companies etc. Another type of safety boots are little smaller in height being manufactured from zug-grain upper leather or heavy oil pull-up leather or buff calf with sole of PVC or moulded rubber soles. These types of safety boots are in demand from police, home guards, Border Security Force, Navy, NCC and railway etc.

## **Market potential**

Safety boots are widely used in all type of defence forces, ammunition factories, railways, mines, heavy industries, and ONGC etc. as stated above. The demand for this type of product is increasing rapidly with growth of industrial activities and increasing in defence forces in the country. There is a good scope for export of Safety boots also to Gulf and other countries. There is no dearth of raw materials and work force required for the manufacturing of Safety boots in the country, hence there is a good scope for setting up more units for the manufacturing of Safety boots any where in the country.

## **Basis & Presumption**

The production envisaged is based on the single shift basis of 8 hrs. a day and 25 working days in a month

- Five years period for achieving full capacity utilization.
- Labour on monthly salary basis
- Rate of interest @ 4% per annum
- Margin money @ 25%
- Payback period 8 to 10 years from the loan is sanctioned.
- Land and building rented @ Rs. 15,000/- per month
- Covered area 5000 sq. ft.

### **Implementation Schedule.**

- |    |  |   |             |
|----|--|---|-------------|
| 1. | Registration & other formalities                           | - | 0-3 months  |
| 2. | Land acquisition and ceiling of quotations                 | - | 1-3 months  |
| 3. | Machinery for purchasing & Installation & power connection | - | 6-12 months |
| 4. | Trial production   | - | 1-3 months  |

It is anticipated that all the formalities will be completed within 6-8 months of period before starting the commercial production.

### **Technical Aspects.**

#### **Manufacturing Process**

As per the design of the approved sample, the patterns of various components are cut. The size of the Safety boots vary from English size 5 to 13 with medium, large and extra large fittings and are made of Derby type of design. Patterns are further used for cutting different components from upper leather, lining leather/cloth, sole/ middle sole and insoles etc. The components of uppers are skived and are closed by stitching on sewing machines. Eyelets are fitted each other. The uppers are fully lined by lining leather, cloth is used below tongue as lining, steel toe-cap is placed between the toe-cap and full vamp.

The uppers are lasted on lasting jacks with tacks using iron lasts; steel shanks are fixed to the waist portion of insole and middle soles. The leather sole is stitched securely in the open channel with the middle sole after removing from the iron last. The cut-sole is screwed, the heels are prepared and are attached from inside with heel pins

The sole and heel edges are trimmed, scoured and finished to match the colour of the boots. The complete boot is then polished, laced and packed.

#### **Quality Control & Standards**

Specifications for making Safety boots are covered by Indian Standards specification No. 1S-10348-1982. The specification contains standard for other materials also. Being safety item, boots should be made as per above mentioned Indian standards or any other standard prescribed by the buyer.

Quality control begins right from purchase of raw materials to the finishing of final product. It is advisable to carry out periodically sample tests from the approved laboratory like Central



<b>Sl. No.</b>	<b>Particulars</b>	<b>Qty. (No)</b>	<b>Value (Rs.)</b>
6.	Heel attaching machine with 0.5 HP motor (Ind)	1	25,000/-
7.	Combined finishing machine with 2 HP motor (Ind)	1	20,000/-
8.	Punching and eyleting machine trade operated (Ind)	2	6,000/-
9.	Sole screwing machine with 2 HP motor including import duty (Imported)	1	3,50,000/-
10.	Outer sole stitching machine with 2 HP motor including import duty (imported)	1	12,50,000/-
11.	Iron shoe last	500 pairs	1,50,000/-
12.	Lasting jacks	10 Nos.	10,000/-
			<u>20,86,000/-</u>
13.	Tools and equipments		50,000/-
14.	Electrification & installation charges @ 10% of cost of machine & equipment		1,08,600/-
15.	Office equipments		70,000/-
	Total cost of m/c & equipment & tools etc.		<b>23,14,600/-</b>
	III. Pre-operative expenses		19,400/-
	<b>TOTAL FIXED CAPITAL</b>		<b>23,34,000/-</b>

**B. Working Capital (per month)**

**1. Staff & Labour. (per month)**

**Personnel/technical (per month)**

<b>Sl.No.</b>	<b>Designation</b>	<b>No.</b>	<b>Salary per month</b>	<b>Total (Rs.)</b>
1.	Manager/Technical	1	10,000/-	10,000/-
2.	Supervisor	2	7,000/-	14,000/-
3.	Accountant	1	5,000/-	5,000/-
4.	Store-keeper	1	4,000/-	4,000/-

<b>Sl.No.</b>	<b>Designation</b>	<b>No.</b>	<b>Salary per month</b>	<b>Total (Rs.)</b>
5.	Skilled worker	7	3,000/-	21,000/-
6.	Semi-skilled worker	5	2,500/-	12,500/-
7.	Unskilled worker	4	2,250/-	9,000/-
8.	Clerk- cum -typist	1	4,000/-	4,000/-
9.	Peon/watchman	4	2,500/-	10,000/-
10.	Machine operator	12	3,000/-	36,000/-
<b>TOTAL</b>				<b>1,25,500/-</b>
Perquisites, 15% on salary				18,800/-
<b>Total</b>				<b>1,44,300/-</b>

## **II. Raw material (per month)**

<b>Sl.No.</b>	<b>Particular</b>	<b>Qty.</b>	<b>Rate (Rs)</b>	<b>Value Rs.</b>
1.	Zug-grain chrome tanned leather	16000 sq. ft.	45/-	7,20,000/-
2.	Lining leather pigmented	8000 sq. ft.	20/-	1,60,000/-
3.	Cloth lining	118 meter	25/-per meter	2,950/-
4.	Split leather	For 4000 pairs	10/-p. pair	40,000/-
5.	Vegetable tanned leather for sole and insole	For 4000 pairs	150/-p. pair	6,00,000/-
6.	Iron shank	For 4000 pairs	2/- p.pair	8,000/-
7.	Iron toe-cap	For 4000 pairs	4/- p.pair	16,000/-
8.	Brass screwing wire	98.5 kg.	70/- p.kg.	6,895/-
9.	Brass rivets	106 kg.	65/-p.kg.	6,890/-
10.	Eyelets	8000	2/-p. Pair	16,000/-
11.	Iron tacks	105 kg.	20/- p.kg.	2,100/-
12.	Heel pins	105 kg.	16/-p. kg.	1,680/-
13.	Other grinders	For 4000 pair	10/-p.pair	40,000/-
<b>TOTAL</b>				<b>16,20,515/-</b>

**III. Utilities (per month)**

1. Power	Rs. 5,000/-
2. Water	Rs. 2,000/-
TOTAL	Rs. 7,000/-

**IV. Other Contingent Expenditure (per month).**

Sl. No.	Item	Amount (Rs.)
1.	Rent	15,000/-
2.	Telephone	2,500/-
3.	Postage, stationery	1,500/-
4.	Traveling expenses	3,000/-
5.	Insurance	2,000/-
6.	Oil and lubricants	1,000/-
7.	Consumable store	2,000/-
8.	Repair and maintenance	6,000/-
9.	Transportation expenses	5,000/-
10.	Sundry expenses	2,000/-
<b>TOTAL</b>		<b>Rs. 40,000/-</b>

**V. Total Recurring expenses (per month)**

1. Salary & wages	Rs. 1,44,300/-	
2. Raw material	Rs. 16,20,515/-	
3. Utilities	Rs. 7,000/-	
4. Other contingent expenses	Rs. 40,000/-	
<b>TOTAL</b>		<b>Rs. 18,11,815/-</b>

**VI. Total working capital for 3 months**

(18,11,815 x 3)

Say

Rs. 54,35,445/-

**Rs. 54,35,500/-**

### **C. Total Capital Investment**

i)	Fixed Capital	Rs.23,34,000/-
ii)	Working capital(3 months)	Rs. 54,35,500/-
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	TOTAL	Rs. 77,69,500/-
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	Say	Rs. 77,69,500/-
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### **Financial Analysis**

#### **1.) Cost of Production (per annum)**

a)	Total recurring expenditure.	Rs. 2,17,42,000/-
b)	Depreciation on m/c & equipment @ 10% (on Rs. 1086000)	Rs. 1,08,600/-
c)	Depreciation on tools @ 25%	Rs. 12,500/-
d)	Depreciation on office equipments @ 20%	Rs. 14,000/-
e)	Interest on total investment @ 14%	Rs. 10,87,730/-
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	TOTAL	Rs. 2,29,65,000/-
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	Say	Rs. 2,29,65,000/-
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#### **2. Turn Over (Per Year)**

<b>Item</b>	<b>Qty.</b>	<b>Rate (Rs.)</b>	<b>Value (Rs.)</b>
Safety boots	48000 pairs	520/- per pair	2,49,60,000/-
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TOTAL			2,49,60,000/-
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**3. NET PROFIT (PER YEAR)** Rs. 19,95,000/-

#### **4. Net Profit Ratio (on sales) (%)**

Net profit x 100

Total turn over

$$\frac{19,95,000 \times 100}{2,49,60,000} = 7.99\%$$



### **5) Rate of Return on Investment (%)**

Net profit x 100

Total capital investment

$$\frac{19,95,000 \times 100}{77,69,500} = 25.67\%$$

### **vi) Break Even Point (% of total production envisaged)**

$$\text{BEP} = \frac{\text{FC} \times 100}{\text{FC} + \text{Profit}}$$

1. Fixed Cost.(per annum)

i) Depreciation (Total)	Rs. 1,35,100/-
ii) Rent	Rs. 1,80,000/-
iii) Interest	Rs. 10,87,730/-
iv) 40% of wages for staff & labour	Rs. 6,92,640/-
v) 40% of other expenses including utilities.	Rs. 1,44,000/-
vi) Insurance	Rs. 24,000/-
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Total Fixed cost.	Rs. 22,63,470/-

Break Even %

$$\begin{aligned} &= \frac{22,63,470 \times 100}{22,63,470 + 19,95,000} \\ &= \frac{22,63,47000}{42,58,470} = 53.\% \end{aligned}$$

### **Addresses of Machinery & equipment suppliers.**

1. M/s. Prototype Development & Training Centre  
Sector B-24, Guindy Indl. Estate  
P.O. Ekkadutthagol, Chennai.
2. M/s. Harman Group Sales Pvt. Ltd.  
201/A, Byculla Service Indl. Estate,  
Dadoji Konddeo Marg  
Byculla, Mumbai - 400018

3. M/s. Atlanta Trading (P)Ltd.  
Atur House, Worli Naka  
Mumbai 400018
4. M/s. Leather & Packaging Machine Corpn.  
1/238, Asaf Ali Road  
New Delhi -110002
5. M/s. Annapurna Engineering Industry,  
F-10/2, M.I.D.C., Shirol, Kolhapur - 416122
6. M/s. Peeru Sales Corporation  
6/38, Galib Pura, Nai ki Mandi, Agra-282010

**Addresses for Raw material suppliers**

1. M/s. Mirza Tanners, Jajman, Kanpur
2. M/s. Super Tannery, Jajman, Kanpur
3. M/s. Asia Tannery, Jajman, Kanpur (UP)
4. M/s. Zaz Tannery, Jajman, Kanpur
5. M/s. Pioneer Eyelets Mfg. Co., Cross Road, Jogeshwari (East) Mumbai - 60
6. M/s. Pidilite Industries Ltd. Ramkrishna Mandir Road, Off. M. Vasanji Road,  
P.N.17411, Andheri (East) Mumbai 400059
7. M/s. J&P Coats (P)Ltd. Off. T.T. Arts, Erowford Market, Mumbai-3
8. M/s. Chandra Chemicals (P)Ltd. F-35, CIT Road, Scheme 62, Kolkata-700014
9. M/s. Paulbro Leathers Pvt. Ltd. 11, Leather complex, Kapurthala Road  
Jalandhar (Punjab)
10. M/s. Diamond Red Tannery, Hathi Khanna, Near Old Jail, Kapurthala (Punjab)
11. M/s. Soccer Tannery Leather complex, Kapurthala Road, Jalandhar (Punjab)
12. M/s. Amson Leather, Leather-complex, -Kapurthala-Road, -Jalandhar- (Punjab)
13. M/s. Leo-leathers, Leather complex, Kapurthala Road, Jalandhar (Punjab)
14. M/s. J.D. Leathers, Leather complex, Kapurthala Road, Jalandhar (Punjab)
15. M/s. Akash Taunery, P.O. Bootan Mandi, Jalandhar, Punjab.
16. M/s. Saini Leather company; 1265 & 1295, MIE Bahadur Garh, distt. Jajjar (Haryana)