

## HAWAI CHAPPALS

### 1. INTRODUCTION

Hawai chappals are lightweight footwear used by gents, ladies and children in our country and is used by every section of the society by people of all ages. In the beginning chappals are only functional utility ie. To protect the foot from thorns, insects, etc. The chappals have become common among villagers, farmers and labourers.

### 2. MARKET

People from both the urban and rural areas are using the hawai chappals. To cater to the requirements of different users of hawai chappals, they are now made in different types and by different manufacturing processes. There is a good scope of market for this product in rural and urban areas.

### 3. MANUFACTURING PROCESS

The hawai sheets are cut with the help of die/mould in sole cutting machine or fly press. After cutting the soles in required sizes, they are drilled with drilling machine for inserting the straps. The straps are then fitted by strap fitting tool made out of iron/stainless steel. The edges are finished with the help of grinding machine. The chappals so produced are then inspected and packed in polythene and kept in boxes.

### 4. PRODUCTION CAPACITY PER ANNUM

Capacity

130000 chappals

Selling Price

Rs. 13 per chappal

### 5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Preliminary & Preoperative Expns	2000
2	Fixed Capital	61000
3	Working Capital for 1 month(s)	133700
	Total Project Cost	196700

### 6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	29505
2	Subsidy/Soft Loan	20%	39340
3	Term Loan	65%	127855
	Total		196700

## 7. FINANCIAL ASPECTS

## A. FIXED CAPITAL

i. Land and Buildings Rented Rs. 2000 per month

## ii. Machinery and Equipment

S.No	Description	Qty.	Rate	Amount Rs.
1	Fly press for cutting sheet (hand operated)	1	14000	15000
2	Drilling machine	1	9000	10000
3	Finishing machine	1	8000	8000
4	Cutting dies of different sizes and shapes	25	400	10000
5	Hand tools	LS		5000
6	Furniture and equipment	LS		10000
7	Electrification and installation expenses	LS		3000
	Total			61000

## B. WORKING CAPITAL

## i. Salaries &amp; Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Manager/Entrepreneur	1	2000	2000
2	Skilled labour	6	1500	9000
3	Semiskilled labour	2	1200	2400
4	Unskilled labour	2	1000	2000
	Total			15400

## ii. Raw Material (per month)

S.No	Description	Unit	Qty.	Rate	Amount Rs.
1	Hawai rubber	sheets	2500	32	80000
2	Straps	pairs	11000	2	22000
3	Packing material @ 0.50 per pair	paris	11000	1	11000
	Total				113000

## iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	1000
2	Water	LS	300
	Total		1300

## iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage & Stationery Expenses	200
2	Transportation Expenses	1000
3	Advertisement Expenses	500
4	Consumeble Stores	100
5	Miscellaneous Expenses	200
	Total	2000

## v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	2000
2	Salaries and Wages	15400
3	Raw Material	113000
4	Utilities	1300
5	Other Expenses	2000
	Total	133700

## 8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	1604400
2	Depreciation @ 15%	9150
3	Interest @ 12%	15343
	Total	1628893

## 9. TURNOVER (PER YEAR)

S.No	Description	Unit	Qty.	Rate Rs.	Amount Rs.
1	Hawai Chappals	chappals	130000	13	1690000
	Total				1690000

## 10. FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	9150
2	Interest	15343
3	Rent	24000
4	Salaries & Wages @ 40%	73920
5	Other Expenses incl. Utilities @ 40%	15840
	Total	138253

## 11. PROFIT ANALYSIS &amp; RATIOS

1	Net Profit	Rs.	61107
2	Percentage of Profit on Sales		4%
3	Percentage of Return on Investment		31%
4	Break Even Point		69%