

# PROJECT REPORT

Of

# SHOE BRUSH

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Shoe Brush 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 : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **SHOE BRUSH**
- 6 Name of the project / business activity proposed : **SHOE BRUSH MANUFACTURING UNIT**
- 7 Cost of Project : Rs.22.62 Lakhs
- 8 Means of Finance
- Term Loan Rs.16.52 Lakhs
- Own Capital Rs.2.26 Lakhs
- Working Capital Rs.3.85 Lakhs
- 9 Debt Service Coverage Ratio : 2.23
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 27%
- 13 Employment : 11 Persons
- 14 Power Requirement : 50.00 HP
- 15 Major Raw materials : Wood Blocks, Bristles and other materials
- 16 Estimated Annual Sales Turnover (Max Capacity) : 126.18 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	17.85
Furniture & Fixtures	0.50
Working Capital	4.27
<b>Total</b>	<b>22.62</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	2.26
Working Capital(Finance)	3.85
Term Loan	16.52
<b>Total</b>	<b>22.62</b>

# **SHOE BRUSH MANUFACTURING UNIT**

## **Introduction:**

A shoe brush is a tool for brushing or polishing shoes. Typically, it has a front and backside. The front side or end has black or brown hair and the back end is a handle. A shoe brush is an essential tool for every type of shoe care. It is important to use the correct shoe brush for the respective outer material of the shoe and to preserve the leather. Thoroughly caring for shoes always starts with brushing the shoes and ends with the final polishing. There are various types of shoe brushes are used for various materials of shoes. Shoe Brush is usually made of wood or bamboo, and some are made of plastic and bristles. When it comes to smooth leathers, horsehair bristles are more effective and protect the delicate coating by keeping it scratch-free. Crepe rubber is a sticky and soft latex material that is ideal for materials like suede and nubuck. For stains that are deeply set into suede or nubuck, rubber, brass, or coco bristle is used for cleaning.



## **Uses & Market Potential:**

Shoe brushes are used to clean or polish shoes. They are less abrasive than wire brushes since they are used on a surface after it has been cleaned. These brushes enhance the surfaces of materials to make them shine and have a finished appearance. The shoe care product market will reach a market value of USD 6.3 Billion by the end of 2024. Shoe care includes products such as brushes, polishes, sprays, creams, and wax. Increasing population and urbanization, changing fashion trends, increase in sales of shoes are the major factors boosting the shoe brush market. The longing to keep shoes spotless and quality is an absolute necessity factor for shoe users and has expanded the demand for shoe brushes across the globe. Formal, sports and casual shoes have consistently been a part of man's attire, with the design and style varying from one culture to another. Additionally, concerns in regards to the protection of the feet from elements on the ground such as sharp rocks, thorns, and parts of broken glass have increased the utilization of shoes in daily life over flip flops and other casual footwear. With this, the need to keep them properly maintained, clean, and in shape has likewise developed, accordingly expanding the requirement for shoe brushes and other shoe care items. Expanded Internet retailing, consistent advancements in product design, and a high focus on advertising techniques by manufacturers are shaping the worldwide shoe care market. Persistent product innovation in the shoe market will also lead the shoe brush and care items market across the globe over the coming years.

## **Product:**

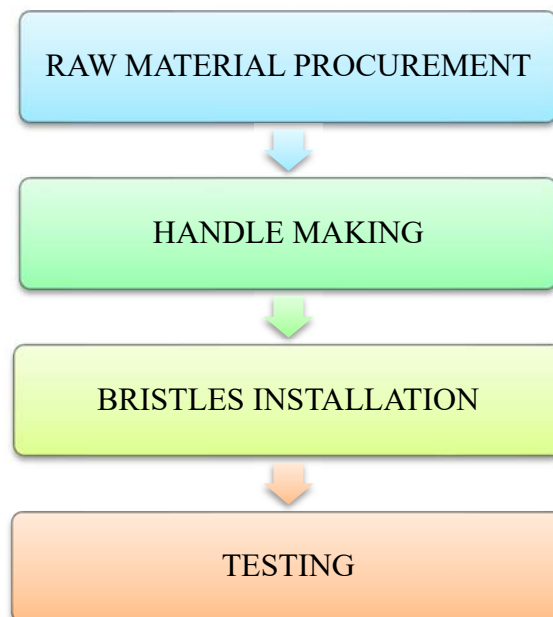
Shoe Brush

## **Raw Material:**

The raw materials required for the manufacture of Shoe Brush are:

- Wood Blocks
- Bristles
- Other materials (Stapling wire, steel nails, chemicals, etc.)

## **Manufacturing Process:**



## **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 2000-2500Sqft.

## **Cost of Machines:**

<b>Machine</b>	<b>Unit</b>	<b>Rate</b>	<b>Price</b>
Seasoning Chamber	1	120000	120000
Chemical Treatment Plant	1	150000	150000
Wide Belt Sander Machine	1	400000	400000
CNC Router Machine	1	180000	180000
Handle Making Machine	1	230000	230000
Shoe Brush Making Machine	1	680000	680000
Pad Printing Machine	1	25000	25000
Total Amount			<b>1785000</b>

**Power Requirement-** The estimated Power requirement is taken at 50 HP.

**Manpower Requirement-** Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-1

# **FINANCIALS**

**PROJECTED BALANCE SHEET**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
<b><u>Capital Account</u></b>					
Opening Balance	-	3.19	4.90	7.31	10.68
Add: Additions	2.26	-	-	-	-
Add: Net Profit	3.92	5.21	6.41	7.87	9.69
Less: Drawings	3.00	3.50	4.00	4.50	6.00
<b>Closing Balance</b>	<b>3.19</b>	<b>4.90</b>	<b>7.31</b>	<b>10.68</b>	<b>14.37</b>
CC Limit	3.85	3.85	3.85	3.85	3.85
Term Loan	14.68	11.01	7.34	3.67	-
Sundry Creditors	1.80	2.14	2.50	2.87	3.25
<b>TOTAL :</b>	<b>23.51</b>	<b>21.90</b>	<b>20.99</b>	<b>21.06</b>	<b>21.46</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	<b>18.35</b>	<b>18.35</b>	<b>18.35</b>	<b>18.35</b>	<b>18.35</b>
Gross Dep.	2.73	5.05	7.02	8.70	10.13
Net Fixed Assets	15.62	13.30	11.33	9.65	8.22
<b>Current Assets</b>					
Sundry Debtors	3.05	3.77	4.44	5.14	5.89
Stock in Hand	3.03	4.33	5.05	5.80	6.57
Cash and Bank	1.82	0.50	0.18	0.47	0.78
<b>TOTAL :</b>	<b>23.51</b>	<b>21.90</b>	<b>20.99</b>	<b>21.06</b>	<b>21.46</b>

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**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	65.25	80.73	95.09	110.22	126.18
<b>Total (A)</b>	<b>65.25</b>	<b>80.73</b>	<b>95.09</b>	<b>110.22</b>	<b>126.18</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	36.00	42.84	49.95	57.31	64.95
Electricity Expenses	3.36	3.92	4.48	5.04	5.60
Repair & Maintenance	1.31	1.61	1.90	2.20	2.52
Labour & Wages	11.47	14.91	18.19	21.82	25.31
Depreciation	2.73	2.32	1.97	1.68	1.43
<b>Cost of Production</b>	<b>54.86</b>	<b>65.60</b>	<b>76.49</b>	<b>88.05</b>	<b>99.81</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.83</b>	<b>2.19</b>	<b>2.55</b>	<b>2.94</b>
<b>Less: Closing Stock /WIP</b>	<b>1.83</b>	<b>2.19</b>	<b>2.55</b>	<b>2.94</b>	<b>3.33</b>
Cost of Sales (B)	53.03	65.24	76.12	87.66	99.42
<b>C) GROSS PROFIT (A-B)</b>	<b>12.22</b>	<b>15.49</b>	<b>18.97</b>	<b>22.56</b>	<b>26.76</b>
	<b>18.73%</b>	<b>19.18%</b>	<b>19.95%</b>	<b>20.47%</b>	<b>21.21%</b>
D) Bank Interest i) (Term Loan )	1.79	1.46	1.06	0.66	0.25
ii) Interest On Working Capital	0.42	0.42	0.42	0.42	0.42
E) Salary to Staff	5.04	6.15	7.69	9.61	11.05
F) Selling & Adm Expenses Exp.	1.04	2.02	2.85	3.09	3.79
<b>G) TOTAL (D+E+F)</b>	<b>8.30</b>	<b>10.05</b>	<b>12.02</b>	<b>13.77</b>	<b>15.51</b>
<b>H) NET PROFIT</b>	<b>3.92</b>	<b>5.43</b>	<b>6.95</b>	<b>8.79</b>	<b>11.25</b>
	<b>6.0%</b>	<b>6.7%</b>	<b>7.3%</b>	<b>8.0%</b>	<b>8.9%</b>
I) Taxation	-	0.22	0.53	0.92	1.56
<b>J) PROFIT (After Tax)</b>	<b>3.92</b>	<b>5.21</b>	<b>6.41</b>	<b>7.87</b>	<b>9.69</b>



**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	2.26	-	-	-	-
Reserve & Surplus	3.92	5.43	6.95	8.79	11.25
Depreciation & Exp. W/off	2.73	2.32	1.97	1.68	1.43
Increase In Cash Credit	3.85	-	-	-	-
Increase In Term Loan	16.52	-	-	-	-
Increase in Creditors	1.80	0.34	0.36	0.37	0.38
<b>TOTAL :</b>	<b>31.08</b>	<b>8.10</b>	<b>9.28</b>	<b>10.83</b>	<b>13.06</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	18.35	-	-	-	-
Increase in Stock	3.03	1.30	0.72	0.75	0.77
Increase in Debtors	3.05	0.72	0.67	0.71	0.74
Repayment of Term Loan	1.84	3.67	3.67	3.67	3.67
Taxation	-	0.22	0.53	0.92	1.56
Drawings	3.00	3.50	4.00	4.50	6.00
<b>TOTAL :</b>	<b>29.26</b>	<b>9.41</b>	<b>9.59</b>	<b>10.55</b>	<b>12.75</b>
Opening Cash & Bank Balance	-	1.82	0.50	0.18	0.47
Add : Surplus	1.82	- 1.32	- 0.32	0.29	0.31
Closing Cash & Bank Balance	<b>1.82</b>	<b>0.50</b>	<b>0.18</b>	<b>0.47</b>	<b>0.78</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(10 Days requirement)	1.83	2.19	2.55	2.94	3.33
<b><u>Raw Material</u></b>					
(10 Days requirement)	1.20	2.14	2.50	2.87	3.25
<b>Closing Stock</b>	<b>3.03</b>	<b>4.33</b>	<b>5.05</b>	<b>5.80</b>	<b>6.57</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	3.03		
Less:			
Sundry Creditors	1.80		
<b>Paid Stock</b>	<b>1.23</b>	<b>0.12</b>	<b>1.11</b>
Sundry Debtors	3.05	0.30	2.74
<b>Working Capital Requirement</b>			<b>3.85</b>
<b>Margin</b>			0.43
<b>MPBF</b>			<b>3.85</b>
<b>Working Capital Demand</b>			<b>3.85</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	16.52	16.52	0.45	-	16.52
	Iind Quarter	16.52	-	16.52	0.45	-	16.52
	IIIrd Quarter	16.52	-	16.52	0.45	0.92	15.60
	Ivth Quarter	15.60	-	15.60	0.43	0.92	14.68
					1.79	1.84	
<b>II</b>	Opening Balance						
	Ist Quarter	14.68	-	14.68	0.40	0.92	13.76
	Iind Quarter	13.76	-	13.76	0.38	0.92	12.85
	IIIrd Quarter	12.85	-	12.85	0.35	0.92	11.93
	Ivth Quarter	11.93		11.93	0.33	0.92	11.01
					1.46	3.67	
<b>III</b>	Opening Balance						
	Ist Quarter	11.01	-	11.01	0.30	0.92	10.09
	Iind Quarter	10.09	-	10.09	0.28	0.92	9.18
	IIIrd Quarter	9.18	-	9.18	0.25	0.92	8.26
	Ivth Quarter	8.26		8.26	0.23	0.92	7.34
					1.06	3.67	
<b>IV</b>	Opening Balance						
	Ist Quarter	7.34	-	7.34	0.20	0.92	6.42
	Iind Quarter	6.42	-	6.42	0.18	0.92	5.51
	IIIrd Quarter	5.51	-	5.51	0.15	0.92	4.59
	Ivth Quarter	4.59		4.59	0.13	0.92	3.67
					0.66	3.67	
<b>V</b>	Opening Balance						
	Ist Quarter	3.67	-	3.67	0.10	0.92	2.75
	Iind Quarter	2.75	-	2.75	0.08	0.92	1.84
	IIIrd Quarter	1.84	-	1.84	0.05	0.92	0.92
	Ivth Quarter	0.92		0.92	0.03	0.92	- 0.00
					0.25	3.67	

Door to Door Period      60 Months  
Moratorium Period        6 Months  
Repayment Period         54 Months

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	6.65	7.53	8.39	9.55	11.12
Interest on Term Loan	1.79	1.46	1.06	0.66	0.25
Total	8.44	9.00	9.45	10.20	11.37
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.84	3.67	3.67	3.67	3.67
Interest on Term Loan	1.79	1.46	1.06	0.66	0.25
Total	3.63	5.13	4.73	4.33	3.92
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.33</b>	<b>1.75</b>	<b>2.00</b>	<b>2.36</b>	<b>2.90</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.23</b>		

### **Assumptions:**

1. Production Capacity of Shoe Brush Manufacturing unit is taken at 2500 Pcs per day. First year, Capacity has been taken @ 30%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 14 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 50 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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