



Internship Report

On

Project Feasibility study of Innovative Shoemaker Ltd.

Head Office:

40, Shahid Tajuddin Ahmad Sarani,
Tejgaon Industrial Area, Dhaka-1208,
Bangladesh

Factory:

Borabo, Ananya Tetuibari,
Kashimpur, Gazipur,
Bangladesh.



Daffodil
International
University

INTERNSHIP REPORT

ON

Project Feasibility study of Innovative Shoemaker Ltd.

Submitted To

Mahbub Parvez

Associate Professor

Faculty of Business & Entrepreneurship

Daffodil International University

Submitted by

Md. Amran Islam

Student ID: 173-14-2541

Master of Business Administration (MBA)

Daffodil International University

Batch: - 41th

Program: MBA (Major in Finance)

Date of Submission: 09/05/2019

LETTER OF TRANSMITTAL

May 9, 2019

Mahbub Parvez
Associate Professor
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of “**Internship Report on Project Feasibility study of Innovative Shoemaker**”

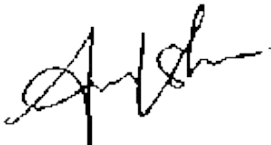
Dear Sir,

I have prepared my internship report on the topic of “**Project Feasibility of Innovative Shoemaker**” under your kind supervision as a requirement of completing the degree of BBA program. I have tried my best to prepare the report under your valuable direction.

I made every effort to reveal greater insight in this report. I hope that this will meet the standard of your judgment.

Thanking you for your kind supervision.

Sincerely yours



Md. Amran Islam

ID No: 173-14-2541

Major in Finance

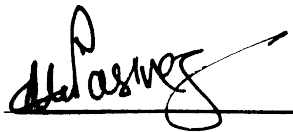
Department of Business Administration

Daffodil International University

CERTIFICATE OF APPROVAL

This is to certify that **Md. Amran Islam bearing ID No: 173-14-2541**, a student of **MBA program, major in Finance**, Department of Business Administration, Daffodil International University has completed the internship report entitled “**Project Feasibility study of Innovative Shoemaker**”. He is permitted to submit the internship report for defense.

Md. Amran Islam bears a strong moral character and very pleasing personality. I wish him every success in life.



Supervisor:

Mahbub Parvez

Associate Professor

Faculty of Business & Entrepreneurship

Daffodil International University

ACKNOWLEDGEMENT

At first, I must show my gratitude to Almighty Allah for giving me energy, ability & capabilities for preparing this report.

I would like to thank my reverent teacher Mr. **Mahbub Parvez**, Associate Professor of Daffodil International University for guidance me in preparing of the report. I am also grateful to my colleagues for their sincerest suggestion.

I would convey my sincere gratitude to all Innovative Shoemaker's Executives and Officers for their support and help. I regret that it is not possible to name all of them. Thanks are also due to workers, Staffs and officers who spent many of their valuable times to discuss with me. Particularly I am thankful to all officers of **Innovative Shoemaker Ltd.** for their valuable support and encouraging during the whole period of this study.

Finally, I am very much appreciative to almighty **Allah** again.

Executive Summary

The project will be mainly engaged in production of different types of Leather Men shoes and Ladies Shoes. Factory will also produce required supported/ linkage materials such as, Outsoles of PU & PVC/TPR/TPU/TR etc., and Insoles & EVA Midsoles, etc. inside the factory premises. Thus, the value addition to the products will be more. The sponsors have decided to import main machinery for shoes making, Insole making, Outsole making etc. from Italy, Taiwan and China, with the financial assistance from Bank/ Financial Institution/ Investor. After implementation, this project would create job opportunity for 671 personnel at diff. categories. Total fixed Cost of the Project has been estimated at **Tk. 55,80,16,000.00** (Taka Fifty-five Crore Eighty Lac Sixteen Thousand) only. And a Working Capital required for the first year is: **Tk. 38,99,25,000.00**. (Taka Thirty-eight Crore Ninety-nine Lac Twenty-five Thousand) only.

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Chapter-01

Introduction

1.1 Origin of the Report

To expand the practical knowledge by implementing theoretical knowledge through the internship program that would make a student become competitive with the outside world. That program not only increases the knowledge but also give the idea about organizational activities before entering into an organization. Daffodil International University is one of the reputed private university in Bangladesh, has designed the curriculum of BBA course such way that international graduates will be produced. The experience that got by an intern during the internship period will make them smarter and more professional in their future job sector. I have started my internship at Innovative shoemaker on October 1st, 2018 and ended on December 10th, 2018

1.2 Objectives of the Report

- To present an overview of the footwear industry, the economic condition of Bangladesh & worldwide.
- To show an overview of the company
- To investigate the project feasibility.
- To submit the major findings and provide some recommendations based on findings.

1.3 Methodology

Methodology is the process, technique or method of observation, survey and analysis. For smooth and accurate study everyone has to follow some rules and regulation. In the absence of updated information. Data were also collected by conversation with the responsible officers and from some documents

Primary data

- Practical desk work.
- Face to face conversation with the officers and clients.
- Visit the factory area.
- Data collection of own supervision.
- Data collection of project report.

1.4 Scope of the Report

The scope of the study was strictly confined to the project feasibility report & personal contact with the employees of Innovative Shoemaker Ltd. (ISML). To collect the information, I worked in the Trainee assistant. All other data related to the feasibility report was collected from office of ISML & other related Documents.

1.5 Limitations of the study

Due to some legal obligation and business secrecy, the company was reluctant to provide some sensitive data. Thus, this study limits only on the available published data and certain degree of formal and informal interview and limited survey. Although the particular study is extensive in nature, hard effort was given to make the study worthwhile and meaningful, even then there exists some limitation.

Chapter-02

Shoe industry in Bangladesh

Introduction

'When going gets tough, toughs get going'. For 'get going' of the toughs some sort of protection for the Feet and Legs were required. Thus, Shoes, Slippers/ Sandals, Boots, Joggers, Trainers, Sneakers, Loafers, etc. become very essential for all the modern citizens in the whole world. Without the shoes nobody can even move.

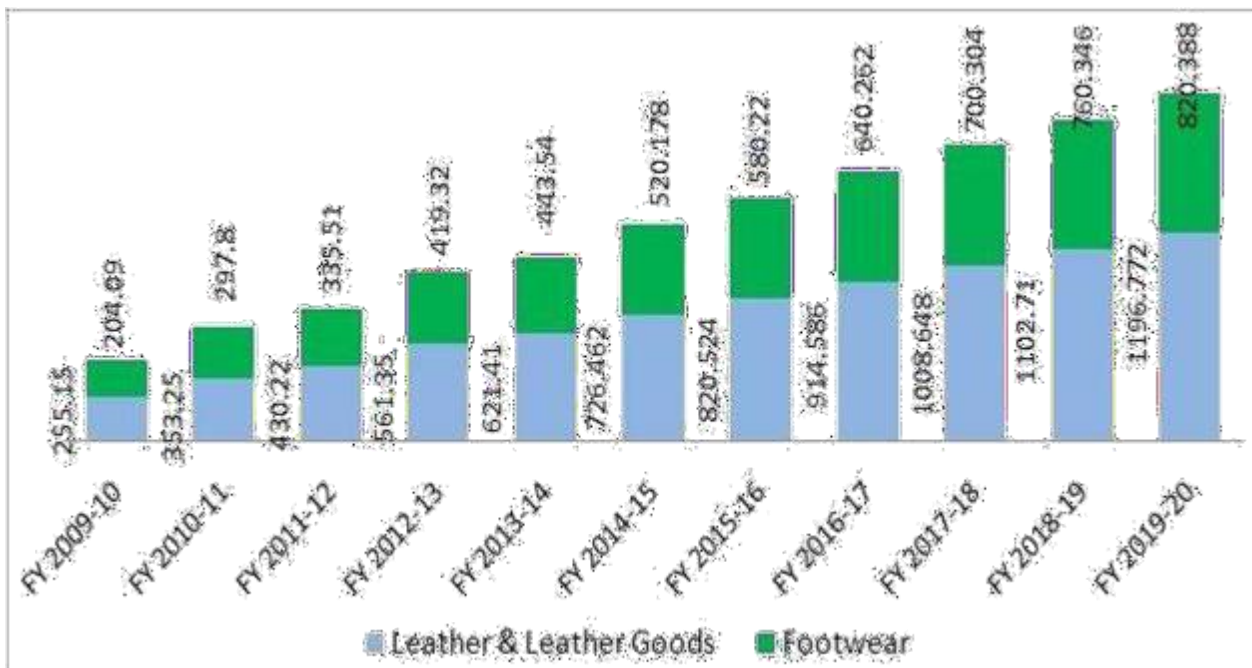
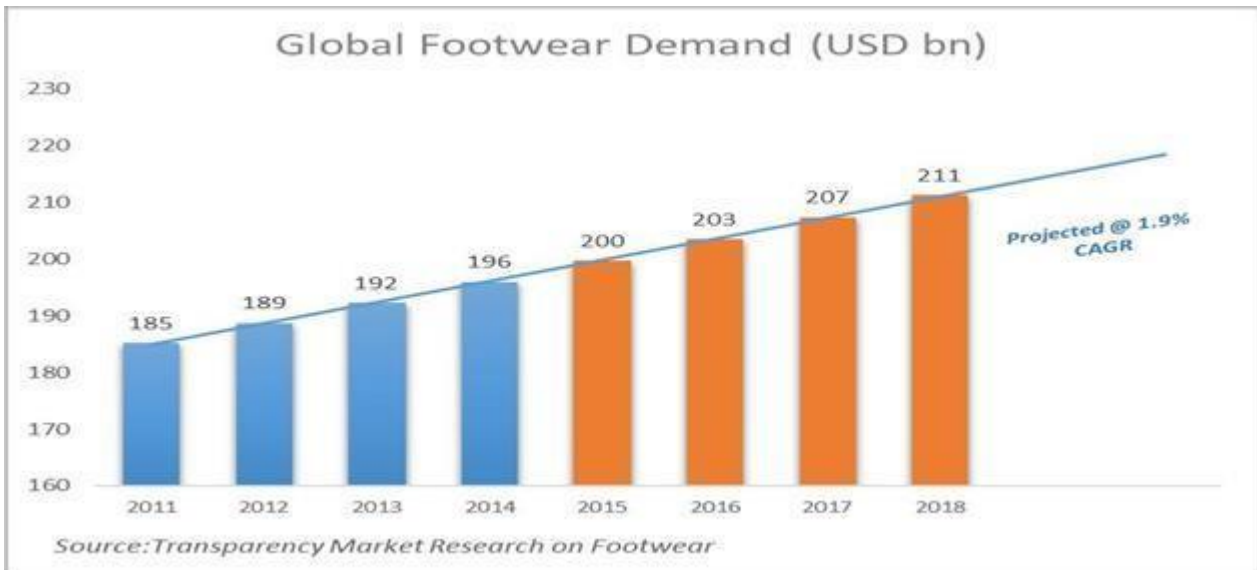
The Leather Industry occupies an important position in the economy of Bangladesh in terms of gross output value addition and manufacture exports. Leather sector being the third largest export earner next to Ready-made Garments and Jute. It earned:

- *US\$ 0.0052 million in 1972;*
- *US\$ 14.90 million in 1991-1992;*
- *US\$ 46.69 million in 1996-1997;*
- *US\$ 79.80 million in 2000-2001;*
- *US\$ 140.00 million in 2006-2007;*
- *US\$ 2.4215 Billion in October 2015;*
- *US\$ 2.730 Billion in August 2016.*

The export potential of this sector is still under-utilized for lack of diversification on production, such as, Shoes, Slippers/ Sandals, Belts, Bags, Handicrafts, etc. etc.

2.1 Global Trends and Market Potentials

The world market for Shoes is approx. 225 Billion US Dollars, as per World year book-2016, published in June 2016. Where Bangladesh is in 08-th position by exporting 0.35 Billion Pairs and giant China is in No 01-position by exporting 15.00 Billion Pairs. India was in 2nd position by exporting 2.20 Billion, Vietnam was in 3rd by exporting 1.14 Billion, Indonesia was in 4th by exporting 1.00 Billion, Brazil was in 5th by exporting 0.87 Billion, For Leather Shoes exports Bangladesh was in 17th position in 2016. In the year 2013 Bangladesh exporting 0.298 Billion Pairs. The growth rate is about 18% in just 2-years. Considering Production though Bangladesh is with 10th volume producer, but we are very behind as quality exporter.



For Leather Shoes exports Bangladesh was in 17th position in 2015 and it is only 1.00% of world export market. The main barrier is the environmental and standard of factory working standard.

The recent trend in global trade is the increased utilization of low cost locations by the International Firms for productions of labor intensive Garments & Leather and Leather products (such as, Shoes and Slippers) for cost competitiveness. Many USA, Japan and European Firms are becoming Whole sellers, Distributors, Retailers of Imported products rather than manufacturing. Also entering into contractual arrangements with foreign low-cost producers tending to represent market productions only and maintain specific product techniques on OEM basis.

The established Asian producers like, Taiwan, South Korea, Hong Kong, Thailand, China etc. being affected recently by rise in real production cost combined with adverse movement of currency positions and import limitations in EC Countries, have been looking for expanding and our relocating their Leather and Leather-goods production to low cost developing & under-developing countries. Having the abundance of basic raw-materials for Leather Shoes, and Leather Goods Industry cheap but easily trainable large pool of labor-force and tariff concession facility in major importing countries under GSP coverage, Bangladesh can be a potential offshore low-cost location for foreign firms for Leather Shoes, Slippers, and other related products manufacturing.

The average hourly wage of a skilled worker in Bangladesh is equivalent to US\$0.38 only (please see Annexure-HH), which extremely low in comparison to US\$2.87 in South Korea and US\$1.34 in Thailand and Dominican Republic. The cost competitiveness in Bangladesh is significant compared established offshore locations in Asia and Latin America.

2.2 Present manufacturing status in Bangladesh:

Bangladesh has a sizeable supply of raw-hides and skins to sustain a healthy leather industry. The annual supply of hides and skins in the country is about 160.5 million Sq.Ft comprising 114-million Sq.Ft Cow-hides, 42.0-million Sq.Ft Goat-skins, 1.2-million Sq.Ft Sheep-skins, and 3.3-million Sq.Ft Buffalo-hides. Hardly 15-18% of the available raw-stock is required to meet the domestic demand and the rest is exported. Hides and skins of Bangladesh in general have a good reputation in international markets owing to their characteristic properties. Cow-hides are relatively small and light weight with thinner substance but have fine fiber structure and good grain. The Goat-skins of Bangladesh are world famous for their compact fiber structure and fine grain appearance. Using right technology, good quality leather products including shoe upper, garments, and various leather goods can be obtained from Bangladesh hides and skins.



2.3 Footwear and Leather-goods manufacturing:

Footwear Industry has grown in Bangladesh territory since the colonial era although its modernization took place only in the late 1980s. During the British period, there was no footwear manufacturing firm producing on a mass scale in East Bengal. However, traditional cottage type footwear industry with limited production facilities existed in a skeleton form in the district towns at this time. Various types of footwear were imported, mainly from Kolkata. After Partition of Bengal in 1947, footwear started being imported from West Pakistan. When Bata Shoe Company established its manufacturing plant at Tongi in 1962, it was the first manufacturing plant to produce shoes on a large scale in East Pakistan. Eastern Progressive Shoe Industries (EPSI) established its production plant in 1967 and started exporting footwear to USSR, Czechoslovakia and England.

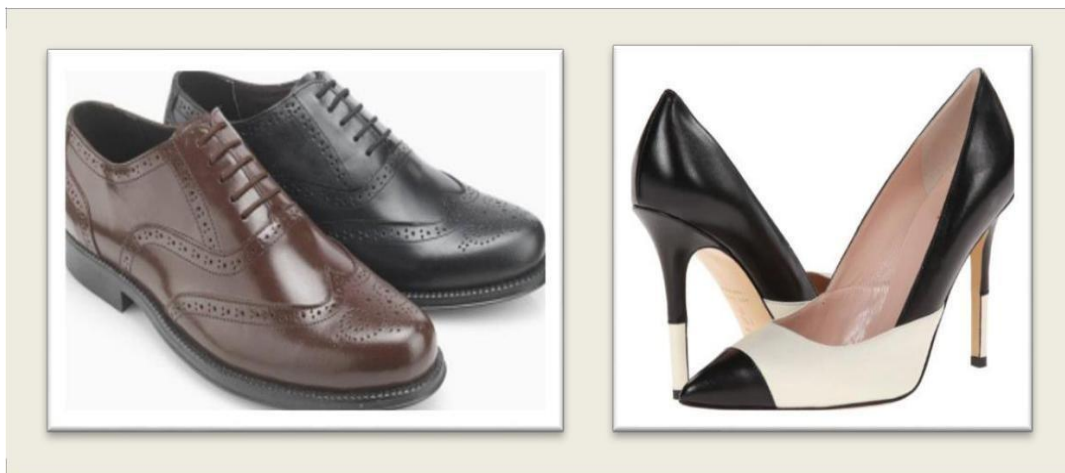
Earlier Bata, and EPSI held a major share in the local footwear market. The industry suffered a major setback during the War of Liberation, but was rehabilitated after independence. Many new footwear manufacturing units have been established recently. Notable among them are: Excelsior Shoes, Apex Footwear, Youngone Sports Shoes, Blue Ocean, Paragon Leather, Bay Footwear, Landmark Footwear, Tropical Shoes, ABC Footwear, Leatherex Footwear, FB Footwear, Fortuna Shoes, Italtechno Footwear, H N Shoes, Italy Footwear, Zeal shop, Arku Shoes, Lalmai Footwear, Dhaka Footwear, Jenny's Shoes, Bengal Footwear, Surma Footwear, Tress Shoes, etc.

The number of production units in the Footwear industry now exceeds 2,000. Most units are, however, small and medium in size and only more than 200-units are relatively large and have mechanized and semi-mechanized production technology for export. The annual production capacity of the industry is about 52 million pairs of leather and non-leather footwear. Of this 35.17 million is produced by mechanized and semi-mechanized units. Production capacity of individual manufacturing concerns varies from 750 to 10,000 pairs a day. The shoes produced find their way mainly to the local market; only a few firms produce shoes for export.

The industry provides direct employment to about 35,000 people. Nearly 50% of them are engaged in mechanized and semi-mechanized units and are classified, on the basis of employees, as large, medium, and small. Women workers are predominant (55%-60%) in the mechanized sector. About 80% of all footwear units are located in Dhaka and Chittagong. Production in small units is processed manually. The total volume produced by these indigenous units' account for about 7-million pairs per year.

In view of expansion of our entrance into the better usage of our local leather with quality products, Earning and saving of huge foreign currency and contribution to employment of the local people, **Innovative Shoemakers Limited**, is going to be established for production of quality Leather Shoes for Men, Ladies and Kids, along with required Insoles & Outsoles manufacturing. This project will be with the Technical assistance from Italy and Taiwanese experts, and locally experienced staff, who were professionally well trained in overseas university, will take the main responsibilities of quality production to meet the international demands. This project can also meet local demand with high quality shoes, which can save huge foreign currency from importing high valued shoes.

To have self-sufficient country, Bangladesh, with high quality, same standard as Europe and ensured supply pipeline, many Leather Shoes, Boots, Insoles and Outsoles making factory owned, controlled and run by Bangladeshi people is a crying need. To ensure “get going” of the toughs our **'Innovative Shoemakers Limited'** is the demand of present time.



Chapter-03

Project Feasibility Study

3.1 Management Aspect:

Introduction:

The project is being promoted as Private Limited Company. The feasibility study scheme has been made covering Technical, Market, economic, ecological and financial aspects. The viability tests have been worked out in the feasibility report are based on some standard and acceptable parameters. The proposed project will be able to repay its debt-obligation well ahead in time.

Company management & their Position:

The proposed project is being promoted as Private Limited Company. Names and details, such as status of the Directors are as under:

	Name of the Sponsors	Address	Status	Share
1	Mr. Abdur Rashid Majumder S/O, Late Majumder Abdul Matin	40 Shahid Tajuddin Ahmed Sarani, Tejgaon Industrial Area, Tejgaon, Dhaka-1208, Bangladesh	Chairman	10.00%
2	Mrs. Sitara Jabeen W/O, Mr. Abdur Rashid Majumder	Kingspark Kasana, Plot # 1/A, Flat # A-4, Road # 86, Block # N, Gulshan R/A, Gulshan-2, Dhaka- 1212, Bangladesh	Vice- Chairman	40.00%
3	Mr. Rezwanur Rashid Majumdar S/O, Mr. Abdur Rashid Majumder	Kingspark Kasana, Plot # 1/A, Flat # A-4, Road # 86, Block # N Gulshan R/A, Gulshan-2, Dhaka-1212, Bangladesh	Managing Director	10.00%
4	Mr. Raihan Rashid Majumdar S/O, Mr. Abdur Rashid Majumder	Kingspark Kasana, Plot # 1/A, Flat # A-4, Road # 86, Block # N Gulshan R/A, Gulshan-2, Dhaka-1212, Bangladesh	Director	10.00%
5	Mr. Hasan Mahmud S/O, Mr Md Doulat Jaman	Flat # 1B, Urban Blessings, House # 17, Road # 28, Dhanmondi R/A, Dhaka – 1208, Bangladesh	Director	10.00%
6	Mr. Md. Azimuzzaman S/O, Mr. Muhammad Yunusuzzaman	House #16, Road #108, Gulshan Avenue, Gulshan-2, Dhaka-1212, Bangladesh	Director	10.00%
7	Syed A.Z.M. Mahmudul Haque S/O, Syed Keramot Hossain	House-688/2C, Bara Maughbazar, 3rd Floor, Dhaka-1206, Bangladesh	Director	10.00%
Total:				100.00%

COMPANY VISION, MISSION & VALUES:

VISION

“Honest Growth”

VALUES

Integrity

- ✦ Honesty
- ✦ Walk the talk Sense of Urgency
- ✦ Strive for speed and simplicity in everything we do.

Empowerment

- ✦ Honesty
- ✦ Walk the talk Sense of Urgency
- ✦ Strive for speed and simplicity in everything we do.

Courage

- ✦ Honesty
- ✦ Walk the talk Sense of Urgency
- ✦ Strive for speed and simplicity in everything we do.

MISSION

- ✦ To ensure sustainable growth
- ✦ To be a vendor of choice for our customers
- ✦ To create value for our shareholders
- ✦ To be proactively compliant with
- ✦ Global best practices & standards
- ✦ To be a responsible corporate citizen

3.2 Marketing Aspect:

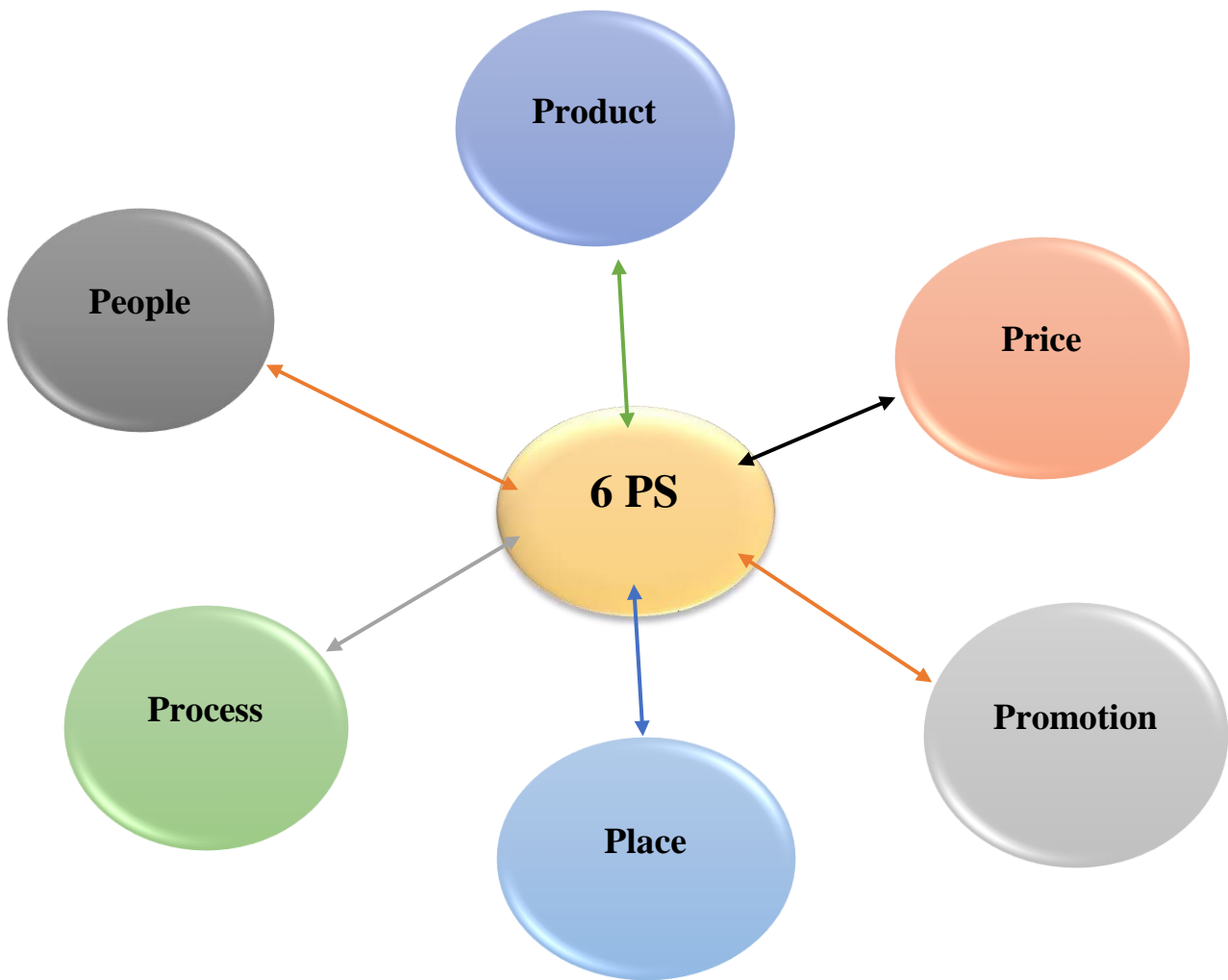
Since the project is based on 100% Export oriented Leather Men and Ladies Shoes and the produced outsoles to be consumed by the factory itself and surpluses by local factories/manufacturers. It is therefore, expected that the project will enjoy comparative advantages in the international market with very cheap Labor-cost existing in Bangladesh

INTRODUCTION

The captioned project is an export-oriented industry and designed to produce Men, Ladies and Kids Leather dress shoes, Casual shoes, Boots, Moccasin shoes, Court shoes, Slippers/Sandals, and other types of leather shoes. It will also produce many different types of Outsoles of PU (Poly Urethane), TR (Thermo-Rubber), TPR (Thermo Plastic Rubber), PVC (Poly Vinyl Chloride), and Rubber, etc. The product mix can't be turned as rigid one, because other type of shoes can also be manufactured with the given sets of machinery. The project has all the opportunity to produce even many kinds of leather products and handicrafts Items with the existing machineries and from the usage of Wastage/Left-over materials too. The company has also the intention to manufacture other type of shoes, even with non-leather materials, if necessary, without any modification/modification in machinery

MARKET DEMAND

Footwear industries are now marching forward to boom worldwide in recent years. In 1991 the worldwide consumption of footwear was estimated at 9.30 billion pairs. Given a world population of 5.4 billion, we can deduce that the per capita consumption of footwear was about 1.7pairs. Looking for the year 2015, the world population is estimated to reach at about 9.0 billion, even if the per capita consumption of footwear remains constant, production will have to be increased 66% over present levels to cater the need. Mr. Philip Urban of the German Shoes Federation has made some interesting forecasts for future consumption of footwear. According to his projection footwear consumption was at 14.5 billion pairs in the year 2000, which have increased up to 17.7 billion pairs by the year 2005, i.e., by the end of 2015 the projection of footwear consumption will reach at 29.90 billion pairs. By identifying the above trend in world-wide production and consumption of footwear and by availing the opportunity of international market demand, Bangladesh Footwear Manufacturers can develop facilities for export to the major global markets.



1. **People:** As we know this project is 100% Export oriented Leather Men and Ladies Shoes. So basically, main buyer are the foreigners
2. **Product:** Leather Shoes for Men, Ladies and Kids, along with required Insoles & Outsoles manufacturing.
3. **Price:**
 - [a] Leather Men Shoes: US\$20.00/Pair: Tk.1,640.00/pair
 - [b] Leather Ladies Shoes: US\$14.00/Pair: Tk.1,148.00/pair
 - [c] Outsole (Men & Ladies Shoes): US\$1.70/Pair: Tk.139.40/pair
4. **Promotion:** Management still not decide for the promotion policy.

5. Place:

The main Footwear exporters or customer are China, Taiwan, Korea, Brazil, Thailand, Indonesia, Hong Kong, Philippines, Vietnam, Mexico, Yugoslavia, Romania, Spain, etc. The major importing countries are USA, Germany, United Kingdom, France, Belgium, Netherlands, Italy, Portugal, Japan, etc.

6. Process:

The project will be mainly engaged in production of different types of Leather Men shoes and Ladies Shoes. Factory will also produce required supported/ linkage materials such as, Outsoles of PU & PVC/TPR/TPU/TR etc., and Insoles & EVA Midsoles, etc. inside the factory premises. Thus, the value addition to the products will be more.

MARKET STRATEGY

It may be observed from the import and export volume of shoes that the import of shoes by the major importing countries is being rapidly increased year after year. But the number of shoes manufacturing countries has been declining due to high labor cost in major shoes exporting developed countries for a number of years and due to competition from cheaper importers.

There are a number of manufacturers and Countries, which market their shoes through agencies and through exhibit at national shoe shows, to US market seeking a share of the \$30billion in USA only. In 1990 imports for the year reached 897.5 million pairs, and in 1992 imports for the year in the USA reached 1,082.6 million pairs, which is approx. 82.9% of the total market

The main Footwear exporters are China, Taiwan, Korea, Brazil, Thailand, Indonesia, Hong Kong, Philippines, Vietnam, Mexico, Yugoslavia, Romania, Spain, etc. The major importing countries are USA, Germany, United Kingdom, France, Belgium, Netherlands, Italy, Portugal, Japan, etc. Some major countries who imports shoes for re-exports are USA, Germany, United Kingdom, Sweden, Switzerland, Japan, etc.

3.3 Financial Aspect

3.3.1 Financial proposal for Innovative shoemaker project:

1. Project Aspect

The project will be mainly engaged in production of different types of Leather Men shoes and Ladies Shoes. Factory will also produce required supported/ linkage materials such as, Outsoles of PU & PVC/TPR/TPU/TR etc., and Insoles & EVA Midsoles, etc. inside the factory premises. Thus, the value addition to the products will be more. The sponsors have decided to import main machinery for shoes making, Insole making, Outsole making etc. from Italy, Taiwan and China, with the financial assistance from Bank/ Financial Institution/ Investor. After implementation, this project would create job opportunity for 671 personnel at diff. categories. Total fixed Cost of the Project has been estimated at **Tk. 55,80,16,000.00** (Taka Fifty-five Crore Eighty Lac Sixteen Thousand) only. And a Working Capital required for the first year is: **Tk. 38,99,25,000.00**. (Taka Thirty-eight Crore Ninety-nine Lac Twenty-five Thousand) only.

2. Proposal:

Sanction of a term Loan for total **Tk. 38,99,25,000.00** (Taka Thirty-eight Crore Ninety-nine Lac Twenty-five Thousand) only for meeting the :

A	Local Currency Loan is	: Tk. 26,25,91,000.00;
B	Foreign Currency Loan	: Tk. 12,73,35,000.00;

And a Working Capital Loan: (**Tk. 26,26,93,000.00** @70%) is: **Tk.18,38,85,000/-** only

Facts & Figures (Summary) of the Project

Sl.	Description	Total Amount
1	Total Land Area [82.50 Decimal x 435.6]	35,937 SQ.FT.
2	a) Land Cost estimated (82.50 Decimal @ Tk.5.00 Lac/Decimal)	Tk. 4,12,50,000
	b) Land Development Cost including Internal Road and Landscaping	Tk. 1,49,03,000
3	Land Value of Total Project Cost	10.06%
4	Factory Covered Area/ Floor Space	65,100 SQ.FT.
5	Building Construction Cost: Including Electrical BBT, Detection & Protection, Plumbing & others. Annex-EE	Tk. 25,22,26,000
6	Machinery Cost, Imported (Including Know-how Cost), Annex-AA	Tk. 15,91,68,380
7	Machinery Cost, Local (including Vehicles etc.), Annex-AA2 & BB	Tk. 2,99,44,000
8	Furniture & Fixture etc. , Annex-CC	Tk. 87,27,000
9	Project Life	10 years
10	Pay Back Period	4.86 Years
11	Total Man-Power required (Excl. Board of Dir.), Annex-FF	671 Persons
12	Salary per Year, Annex-FF	Tk. 10,61,69,400
13	Festival Bonus (2-times @ Basic Wages), Annex-FF	Tk. 1,17,96,600
14	Total Project Cost	Tk. 55,80,16,000
15	Estimated Term Loan	Tk. 38,99,25,000
16	Rate of Interest Considered on average (Term & W/C Loan)	11.00%
17	Working Capital required (for the first year)	Tk. 26,26,93,000
18	Internal Rate of Return, IRR	29.60%
19	Break-even, Rated Capacity	35.04%
20	Break-even, Assumed Capacity	58.40%
21	Safety Margin	41.60%
22	Estimated Shoes Production Capacity: @100%, per Year), Annex-DD	10,80,000 Pair
	a) Leather Men Shoes @ 2,400 Pair	7,20,000 pair
	b) Leather Ladies Shoes @ 1,200 Pair	3,60,000 pair
23	c) Outsole (PU, & PVC/TPR/TR/TPU) @ 4,000 pair	12,00,000 pair
24	Product-wise Selling Income/Year: (@US\$1.0= Tk.82.0)	Unit Price
	a) Leather Men Shoes, @ US\$20.00/Pr., Annex-DD	Tk. 1,640.00
	b) Leather Ladies Shoes, @ US\$14.00/Pr.	Tk.1,148.00
25	c) Outsole (PU, & PVC/TPR/TR/TPU)	Tk. 139.40
		Tk. 176,13,60,000
26	Cost per Job	581,000
27	Total Contribution to GDP	36,90,24,000
28	Total Estimated Sales Revenue in the 1st Year	Tk. 98,05,49,000
29	Total Estimated Cost in the 1st Year	Tk. 84,65,23,000

1. Break-even analysis:

The Project is expected to break-even at a sales value of **Tk. 5726.14 Lac**, which is equivalent to **58.40%** capacity utilization, **i.e., 35.04%** is the rated capacity. The Project's Safety Margin is **41.60%**.

2. Financial rate of return:

The Financial Rate of Return computing following discounted cash-flow technique shows above **67%** over a period of **10 years** project life, if it is completed on schedule.

3.3.2 Loan amortization schedule:

Loan Information		Summary	
Loan Amount	40,000,000.00	Rate (per period)	1.000%
Annual Interest Rate	12.00%	Total Payments	53,386,674.38
Term of Loan in Years	5	Total Interest	13,386,674.38
First Payment Date	1/1/2016	Est. Interest Savings	-
Payment Frequency	Monthly		
Compound Period	Monthly		
Payment Type	End of Period		
Rounding	On		
Monthly Payment		889,777.91	

Amortization Schedule

No.	Due Date	Payment Due	Additional Payment	Interest	Principal	Balance
						40,000,000.00
1	1/1/16	889,777.91		400,000.00	489,777.91	39,510,222.09
2	2/1/16	889,777.91		395,102.22	494,675.69	39,015,546.40
3	3/1/16	889,777.91		390,155.46	499,622.45	38,515,923.95
4	4/1/16	889,777.91		385,159.24	504,618.67	38,011,305.28
5	5/1/16	889,777.91		380,113.05	509,664.86	37,501,640.42
6	6/1/16	889,777.91		375,016.40	514,761.51	36,986,878.91
7	7/1/16	889,777.91		369,868.79	519,909.12	36,466,969.79
8	8/1/16	889,777.91		364,669.70	525,108.21	35,941,861.58
9	9/1/16	889,777.91		359,418.62	530,359.29	35,411,502.29
10	10/1/16	889,777.91		354,115.02	535,662.89	34,875,839.40
11	11/1/16	889,777.91		348,758.39	541,019.52	34,334,819.88
12	12/1/16	889,777.91		343,348.20	546,429.71	33,788,390.17

13	1/1/17	889,777.91		337,883.90	551,894.01	33,236,496.16
14	2/1/17	889,777.91		332,364.96	557,412.95	32,679,083.21
15	3/1/17	889,777.91		326,790.83	562,987.08	32,116,096.13
16	4/1/17	889,777.91		321,160.96	568,616.95	31,547,479.18
17	5/1/17	889,777.91		315,474.79	574,303.12	30,973,176.06
18	6/1/17	889,777.91		309,731.76	580,046.15	30,393,129.91
19	7/1/17	889,777.91		303,931.30	585,846.61	29,807,283.30
20	8/1/17	889,777.91		298,072.83	591,705.08	29,215,578.22
21	9/1/17	889,777.91		292,155.78	597,622.13	28,617,956.09
22	10/1/17	889,777.91		286,179.56	603,598.35	28,014,357.74
23	11/1/17	889,777.91		280,143.58	609,634.33	27,404,723.41
24	12/1/17	889,777.91		274,047.23	615,730.68	26,788,992.73
25	1/1/18	889,777.91		267,889.93	621,887.98	26,167,104.75
26	2/1/18	889,777.91		261,671.05	628,106.86	25,538,997.89
27	3/1/18	889,777.91		255,389.98	634,387.93	24,904,609.96
28	4/1/18	889,777.91		249,046.10	640,731.81	24,263,878.15
29	5/1/18	889,777.91		242,638.78	647,139.13	23,616,739.02
30	6/1/18	889,777.91		236,167.39	653,610.52	22,963,128.50
31	7/1/18	889,777.91		229,631.29	660,146.62	22,302,981.88
32	8/1/18	889,777.91		223,029.82	666,748.09	21,636,233.79
33	9/1/18	889,777.91		216,362.34	673,415.57	20,962,818.22
34	10/1/18	889,777.91		209,628.18	680,149.73	20,282,668.49
35	11/1/18	889,777.91		202,826.68	686,951.23	19,595,717.26
36	12/1/18	889,777.91		195,957.17	693,820.74	18,901,896.52
37	1/1/19	889,777.91		189,018.97	700,758.94	18,201,137.58
No.	Due Date	Payment Due	Additional Payment	Interest	Principal	Balance
38	2/1/19	889,777.91		182,011.38	707,766.53	17,493,371.05
39	3/1/19	889,777.91		174,933.71	714,844.20	16,778,526.85
40	4/1/19	889,777.91		167,785.27	721,992.64	16,056,534.21
41	5/1/19	889,777.91		160,565.34	729,212.57	15,327,321.64
42	6/1/19	889,777.91		153,273.22	736,504.69	14,590,816.95
43	7/1/19	889,777.91		145,908.17	743,869.74	13,846,947.21
44	8/1/19	889,777.91		138,469.47	751,308.44	13,095,638.77
45	9/1/19	889,777.91		130,956.39	758,821.52	12,336,817.25
46	10/1/19	889,777.91		123,368.17	766,409.74	11,570,407.51
47	11/1/19	889,777.91		115,704.08	774,073.83	10,796,333.68
48	12/1/19	889,777.91		107,963.34	781,814.57	10,014,519.11
49	1/1/20	889,777.91		100,145.19	789,632.72	9,224,886.39
50	2/1/20	889,777.91		92,248.86	797,529.05	8,427,357.34
51	3/1/20	889,777.91		84,273.57	805,504.34	7,621,853.00
52	4/1/20	889,777.91		76,218.53	813,559.38	6,808,293.62
53	5/1/20	889,777.91		68,082.94	821,694.97	5,986,598.65
54	6/1/20	889,777.91		59,865.99	829,911.92	5,156,686.73
55	7/1/20	889,777.91		51,566.87	838,211.04	4,318,475.69
56	8/1/20	889,777.91		43,184.76	846,593.15	3,471,882.54
57	9/1/20	889,777.91		34,718.83	855,059.08	2,616,823.46
58	10/1/20	889,777.91		26,168.23	863,609.68	1,753,213.78
59	11/1/20	889,777.91		17,532.14	872,245.77	880,968.01
60	12/1/20	889,777.69		8,809.68	880,968.01	0.00

3.4 Technical Aspect

The project is proposed to be implemented under the technical and marketing assistance of the Taiwan Principal supplier of machinery. The scope of works under this understanding will encompass the followings:

- Erection, Installation Commissioning, Trial & commercial production will be carried out by the Taiwan counter-part at their own cost;
- Production and Total Quality Control (TQC) will be absolutely supervised by the Taiwanese Experts;
- Design making, pattern making, samples/product developments, selection of raw & packing materials, and market research etc. initially for first few years will be carried out jointly by the Taiwan part and Bangladesh part jointly;
- Taiwan counter-part will provide Overseas training for 06(Six) company personnel (engineer/technician/mechanics) in Taiwan for a period 06-weeks at free of cost;
- On job training at the factory premises to be provided by the Taiwan experts at the cost of the factory owner for period of min. 06 months;
- Machinery warranty for period of 12-months from the date of Trial production and Electrical warranty for a period of min. 06-months. During this period any spare-parts required to be replaced by the Taiwan counter-part free of charges. In case any major defect in manufacturing of the machinery the defective machinery shall be replaced by the Taiwan counter-part free of cost

1. Plant Machinery and Equipment:

The proposed project will require both Imported and Local Machinery and Equipment's.

A] Imported Machinery:

The total cost of the Imported Machinery, Including Spares: **US\$ 19,41,078.00** (equivalent to **Tk. 15,91,68,380.00** (@Tk.82.0=US\$1.0). In addition, a Lump-sum USD 60,000.00 (equivalent to Tk.49,20,000.00), will be needed for Technical Know-how, on Job Training, Design-developments, Quality Control, after-sales-service, Local Staffs' Overseas Training Cost, Wages of Foreign Technicians/ Experts at Factory for min. 06 months. Purchase of **393**-Sets Machinery & Peripherals, **84** (64+18) Pairs Outsole making Moulds & **1,800**-pairs Shoes Lasts, etc. The imported machinery is of Italy, Taiwan and China Origin.

B] Local Machinery:

In addition to the Imported machinery, the project will need to procure/produce some machinery & equipment from Local source to save very valuable foreign currency. Estimated Cost of local machinery is (existing Tk.9,80,000.00+Needed Tk.2,89,64,000.00) **Tk. 2,99,44,000.00**, including 07-Vehicles, etc.

C] Furniture & Fixtures:

The project will require to purchase/produce some Furniture, Fixtures and equipment from Local source to save very valuable foreign currency. Cost of the Furniture, Fixtures and equipment is calculated as **Tk.88,37,800.00**

2. Building and Civil Construction:

The Civil Construction includes:

- Raw-Materials Warehouse,
- Cutting and preparation Section,
- Sewing/Closing Section,
- Assembly and Finishing Section,
- Insole, Mid-sole & Out-sole Preparation Section,
- Outsoles (PU, PVC/TPR/TR, Rubber) and

as well as, Packing, Raw-materials Ware-house, Finished Goods Ware-house, Chemical Store, Administrative & General Office, Planning Section, Design and Development (Sample making) Section, Quality Control Section, Marketing Division, Commercial Division, Prayer Room, Canteen, Toilets and Wash Rooms, Child-Care Centre, Doctors Room, Play-Ground, Refreshment Room for foreign Customers, Power Sub-station and Generator Room, etc. together with other ancillary Civil constructions. The building is estimated at 3.00 (Three) storied. Total covered Area of the Project's Building, including Canteen, Toilet, Prayer Room, Guard Room, Power Generation Room, Doctor & Child Care Room, Dry wastage Dumping room, etc. is **65,100 Sq.Ft.** in total. The building will be most modern and made of RCC column, Grade Beam, Lintel, Brick-wall, fitting fixing of doors and windows with tinted Thai Aluminum-glasses, Tiles/ Mosaic floors, etc. complete. Total cost of the construction of Factory Building, including 02-Stainless Steel Gates at front for main axis, Electrification, Detection & Protection system, Plumbing, Sanitation, Over-head water Tanks and Underground Water Preserver etc. has been estimated at **Tk. 25,22,26,000.00 (Tk. Twenty-five Crore Twenty-two Lac Twenty-six Thousand)** only

3. Technical Services and Quality Control:

The Technology involved in manufacturing the mentioned types of shoes are well-known to the Sponsors and qualified technical persons are also available in the country. Moreover, the sponsors are well educated and experienced businessman and hence, no problem is anticipated in this regard. Experienced and skilled technical personnel will be recruited for smooth operation and maintenance of the machinery and equipment. As a result the manufactured shoes quality will be superior at very competitive prices.

4. Production Capacity of the Project:

The project envisages setting up of a exportable Leather Men, Ladies, and Kids Shoes for all groups and Styles, as well as, locally consumable Shoes & Outsoles Manufacturing Unit, having an annual capacity of:

Products' Name Prod. Lines Daily Production Annual capacity

01. Men's Leather Shoes: 2-Lines: 2,400 pair : 7,20,000 pair

02. Ladies Leather Shoes: 1-Line: 1,200 pair: 3,60,000 pair

Total Shoes: 3,600 Pair: 10,80,000 Pair

03. TPR/PVC/TR/TPU Outsole: 1-Line (1,000pr/Line): 1,000 pair: 3,00,000 pair

04. PU Outsole: 1-Line (3,000pr/Line): 3,000 pair: 9,00,000 pair

Total Outsoles: 4,000 Pair: 12,00,000 Pair

3.4.1 PROSPECTIVE CUSTOMERS OF INNOVATIVE SHOEMAKERS LTD.:

Export -marketing is being a very challenging job in the whole International market. Keeping in mind, Innovative Shoemakers Ltd. has already started communicating with many Customers/ Importers world-wide. Few of them has shown serious interests for importing shoes and will place order once the Factory building is complete and machinery are ready for production. The shortest List of Customer is shown below:

SL. #	Name of the Buyer	Country Based	Items can be sold
1.	Kondor	Poland	Men's dress shoes, Casual Shoes, Ladies leather shoes.
2.	Austenheller	USA/UAE	self labeled leather, sweat casual loafers shoes.
3.	Hugotti	Poland	leather shoes for men's, ladies and Kids under own brand
4.	South Asian Footwear Enterprise	Singapore	leather footwear under different own brand names
5.	Nero Trading Gmbh	Germany	leather footwear under different own brand names for men's and ladies
6.	Kosheen	Australia	Leather shoes for Men & Ladies
7.	JYI-You Trading	Taiwan	Sourcing agent for renowned leather shoe companies from Europe.
8.	Meldisco/Melville Corporation USA	Taiwan	leather shoes and loafers both for men's and ladies
9.	Intrade	Japan	leather shoes and loafers both for men's and ladies
10.	Horishita & Co.	Japan	leather shoes for men's and ladies
11.	Marubeni Corporation	Japan	leather shoes and Boots for men's and ladies
12.	Sanshin & Co.	Japan	leather shoes, boots and loafers for men's and ladies
13.	E.H. Hong Kong	Hong Kong	leather shoes for men's and ladies
14.	Wembly Footwear Ltd.	United Kingdom	Casuals and loafers for men's and ladies
15.	D. Jacobson & Sons	United Kingdom	leather shoes for men's and ladies
16.	Kennyons Footwear	United Kingdom	Casuals and loafers for men's and ladies

3.5 Socio Economic Aspect

A. WATER:

Water will be required for processing, cooling and domestic uses. The daily requirement of water has been estimated 18,000-Ltr, which will be met available from the deep Tube-well to be sunk at the project site or from WASA. 6-Nos. Of 2,000Ltr. (12,000Ltr. Capacity) over-head Tank and 01-underground water Preserver of 50,000 Ltr. will be installed at the project site.

B. POWER:

The total connected load of power for the project will be about 1,310 KW and maximum demand will not be more than 1,600 KW (adding 20% losses). Considering the addition of one more Complete Production Line in future, the project will require its own 1,600 KW Transformer and other electrical sub-station equipment for power distribution. The project will also require 1,350 KW Diesel/Gas Generator for emergency power failure

C. Waste Disposal:

The waste of the product/project will be the Leather cuttings, Lining-trimmings' waste etc. which will be insignificant in quantity. These will be disposed to the nearby particular place time to time. As such, the product will not create any threat to the environmental pollution. In addition, by using some extra man-power the cuttings and shavings can be used to make some small leather products, such as, Wrist watch belts, small wallets, Key-holders, Keybags, Pen stand, small Show-pieces, etc. etc., which will also enable to earn handsome money, as these items are of great demand in home and abroad. Thus, basically there should not be any remnants at all.

D. Safety Provision:

Fire-fighting equipment's is very essential to protect unusual fire hazards inside the factory premises. A full set-up of CCTV Camera in all sections and in all Floors to be installed to avoid any uncertain/ unwanted accidents and incidents to protect this establishment. Also, full automation of attendance registration to be at entrance/exit etc. for the control of all unusual and un-expected situations, as well as, protection of company's property. An amount has been estimated for purchasing Fire-fighting equipment, Security Alarm, setting-up of CCTV Camera, attendance automation systems, etc.

E. Economic Aspects:

Employment Opportunities: **671 Person**

Cost per Job/ Employment: **581 Thousand**

Chapter-04

*Findings, Recommendations
and Conclusion*

4.1 Finding about the Project of Innovative shoemaker Ltd

After analyzing the project of Innovative shoemaker Limited, I have found some important things regarding the company these are given below:

- The project is based on 100% Export oriented Leather Men and Ladies Shoes
- 100% Local leather consumable Finished Leather
- INNOVATIVE SHOEMAKERS LIMITED is also trying to produce more fashionable shoes by the experienced designers.
- Project will be mainly engaged in production of different types of Leather Men shoes and Ladies Shoes.
- Total fixed Cost of the Project has been estimated at Tk. 55,80,16,000.00 (Taka Fifty-five Crore Eighty Lac Sixteen Thousand.
- Sanction of a term Loan for total **Tk. 38,99,25,000.00** (*Taka Thirty-eight Crore Ninety-nine Lac Twenty-five Thousand*)
- Production capacity both male and female is **7,20,000 pair** and **3,60,000 pair**.
- Estimated Cost of local machinery is (existing **Tk.9,80,000.00**+Needed **Tk.2,89,64,000.00**) **Tk. 2,99,44,000.00**.
- The project will be based on Local and imported Raw materials for Both Shoes and Outsole production. Annual requirements of Raw and Packing materials at 100% capacity utilization are estimated at **Tk.111,77,74,800/-** (**Tk.102,92,14,800/-** for Shoes Production and **Tk.8,85,60,000/-** for Outsole Production)
- The proposed project after implementation will create job opportunities (from Senior level to bottom level) for total **671-persons**.
- The project is expected to be completed within 12 (Twelve) months from the date of commencement

4.2 Recommendations

1. Through this study, I gained some practical knowledge. Want to put some suggestion here which if followed would definitely help Innovative Shoemaker Ltd. to improve their project prospective and there-by its contribution in the whole economy.
2. To attract more foreign clients. Should the company sought new marketing strategy, which will increase the company wealth.
3. Quality is considered to be prime determinant for successful marketing.
4. Production must be increase to catch more international customer.
5. Company should train their employee and staff to use machinery.
6. Price must be competitive and also acceptable to the foreign buyers.
7. Imported machinery should be updated.
8. Improvement of productivity through work-study and training of front-line supervisors.
9. They have to be more careful about utilization of working capital
10. Close attention should be given to inventories and debt management

4.2 Conclusion

The project is technically feasible, financially rewarding, commercially and economically viable, and thus considered suitable for financing on the basis of detailed Feasibility Report, enclosed. This project helps to give idea about the financial loan, Market demand, working capital thus it helps in future decision-making process of any business house. Eventually one can assess how important is project feasibility in the modern days of business. It gives the exact picture of the project condition and helps future projection of any organization. In future, Innovative shoemaker Ltd is leading edge footwear company in Bangladesh. It is gradually expanding its market internationally and able to proper utilize assets. No business stays at the top if it doesn't maintain its performance. Thus, it is very important to fulfill the demand of the consumers through competitive advantage.