



AN ISO 9001 : 2015 CERTIFIED COMPANY

Detailed project report

Sample edition

Projections from FY 2027-28

Project report

Shoe Uppers

Installed capacity 870 pairs per day

Sector Leather and footwear

Total project cost ₹169.35 lakh

Illustrative sample
Figures are representative

Project at a glance

Shoe Uppers
870 pairs per day

Product	Shoe Uppers	Sector	Leather and footwear
Installed capacity	870 pairs per day	Annual capacity	2,61,000 pairs per year
Selling price (ex-GST)	₹256 per pair	Working days	300 a year
Manpower	37 people	Plant and machinery	₹81.79 lakh
Total project cost	₹169.35 lakh	Promoter's contribution	₹42.34 lakh (25%)
Term loan	₹127.01 lakh (75%)	Cash credit limit	₹64.34 lakh
Revenue, Year 3	₹467.71 lakh at 70%	Net profit, Year 3	₹38.42 lakh
Return on investment	22.6% a year	Break-even, Year 3	48.8% of capacity
Average DSCR	1.82	Payback period	3.6 years

This is an illustrative sample. Its figures are generated from industry-typical ratios to show the format and depth of an NPCS project report. They are not taken from any NPCS report or any real project, and should not be used for investment or lending decisions.

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1 Introduction

The product covered in this sample is shoe uppers, made in a plant sized at 870 pairs per day (2,61,000 pairs per year at full capacity). The unit is costed as a complete project, from land and building through to working capital, and its applications range from leather formal and casual shoes to export footwear programmes.

Each section follows the layout of a bank-format project report: project cost, means of finance, working capital, profitability, cash flow, balance sheet, debt service and break-even. In Year 3, running at 70% of capacity, the model unit sells ₹467.71 lakh worth of shoe uppers and keeps ₹38.42 lakh as net profit.

2 Uses and applications

Demand for the product comes mainly from the following uses:

- Leather formal and casual shoes
- School and uniform shoes
- Safety and work shoes
- Export footwear programmes

3 Market potential

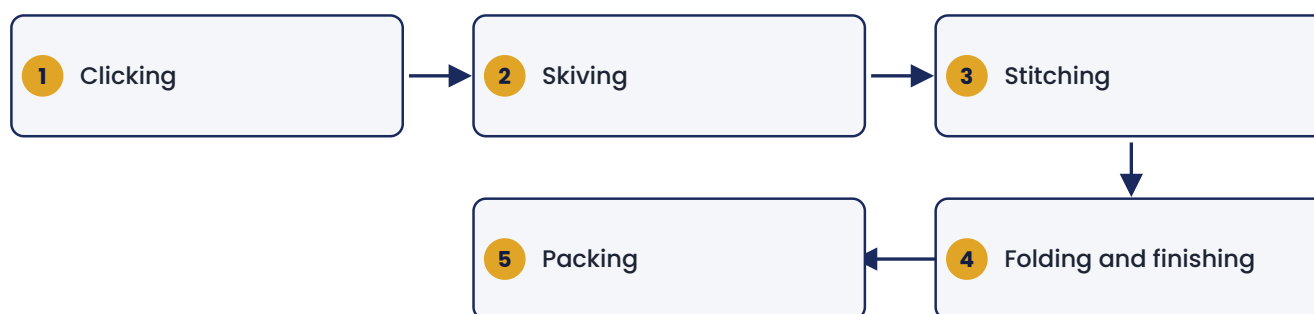
Demand for shoe uppers comes from footwear makers who buy closed uppers instead of running their own cutting and stitching floor, and from export buyers sourcing leather uppers from clusters such as Agra, Kanpur, Ambur and Chennai. A small unit competes on pattern accuracy, consistent stitching, fast sampling and on-time delivery of mixed sizes rather than on price alone, so most units start with job work or regular orders from two or three shoe makers.

Typical buyers include shoe manufacturers who outsource upper closing, export houses and leather footwear exporters, footwear brands sourcing from contract makers, school and uniform shoe makers, and safety shoe makers.

Because demand and competition vary from one district to the next, the market section of a full report is prepared for the promoter's chosen location, with a list of existing manufacturers.

4 Manufacturing process

The plant converts raw materials into finished shoe uppers in five steps, shown in the flow chart and described below.



Process flow for shoe uppers

- 1 Clicking.** Leather is checked for defects and cut into vamp, quarter and lining pieces with press knives.
- 2 Skiving.** Edges of each piece are thinned so seams and folds lie flat.
- 3 Stitching.** Pieces, lining and reinforcements are stitched together on flat bed and post bed machines.
- 4 Folding and finishing.** Edges are folded, eyelets are fixed and loose threads are trimmed.
- 5 Packing.** Uppers are checked against the pattern, matched in pairs and packed by size.

5 Raw materials

The plant uses finished leather, lining and thread, and accessories. Raw material purchases in Year 3 are estimated at ₹245.55 lakh, which is 52.5% of sales. The split by material is shown below.

Raw material	Share of cost	Year 3 cost (₹ lakh)
Finished leather	70.0%	171.89
Lining and thread	20.0%	49.11
Accessories	10.0%	24.55
Total raw materials	100.0%	245.55

6 Plant and machinery

The machinery list below covers the main production equipment, costed at ₹81.79 lakh in total. Prices are indicative. A full report gives specifications and supplier names, and a bank-format DPR uses the quotations you obtain.

Machinery and equipment	Indicative cost (₹ lakh)
Clicking press	16.36
Skiving machine	12.27
Stitching machines	32.71
Folding machine	12.27
Packing	8.18
Total plant and machinery	81.79

7 Land, building and utilities

Land and site development is taken at ₹14.95 lakh and building and civil works at ₹34.45 lakh. Other fixed assets, including electrification, furniture, testing equipment and power backup, add ₹7.30 lakh. Land rates vary widely by location, so these are the figures most likely to change in a real project.

Power and fuel cost ₹12.78 lakh in Year 3, about 2.7% of sales. Water is needed for cleaning, domestic use and, where the process calls for it, production.

8 Manpower

Staffing for the model unit is 37 people, at a Year 1 cost of ₹65.64 lakh. Wages are escalated by 5% each year in the projections.

Category	Number	Monthly wage (₹)	Annual cost (₹ lakh)
Management, supervision and administration	6	25,000	18.00
Skilled workers and operators	13	16,000	24.96
Semi-skilled and unskilled workers	18	10,500	22.68
Total (Year 1)	37		65.64

9 Licences and approvals

A unit of this kind typically needs the following registrations and approvals. Requirements vary by state and by the exact product, so confirm them with the local authorities before applying.

- Udyam (MSME) registration
- GST registration
- Consent to establish and consent to operate from the State Pollution Control Board
- Factory licence or registration under the applicable labour law, where the workforce threshold applies
- Fire safety NOC, where required
- Trade licence from the local body
- White category under the CPCB classification of February 2025 for leather products without tanning, confirm consent rules with the State Pollution Control Board
- Importer Exporter Code (IEC) from DGFT for export orders
- RCMC membership from the Council for Leather Exports for exporters

10 Project cost and means of finance

The total cost of the project is ₹169.35 lakh. Fixed assets account for ₹144.30 lakh, and the balance covers preliminary and pre-operative expenses and the promoter's margin money for working capital. A contingency of 5% is provided on building and machinery.

Cost of project	₹ lakh
Land and site development	14.95
Building and civil works	34.45
Plant and machinery	81.79
Other fixed assets (electrification, furniture, lab equipment, DG set)	7.30
Contingencies	5.81
Preliminary and pre-operative expenses	3.61
Margin money for working capital	21.44
Total cost of project	169.35

Means of finance

The promoter contributes ₹42.34 lakh (25% of project cost) and a term loan funds the remaining ₹127.01 lakh. Working capital is supported by a cash credit limit of ₹64.34 lakh.

Source of funds	₹ lakh
Promoter's contribution (25%)	42.34
Term loan from bank (75%)	127.01
Total means of finance	169.35
<i>Cash credit limit for working capital (separate)</i>	<i>64.34</i>

11 Working capital

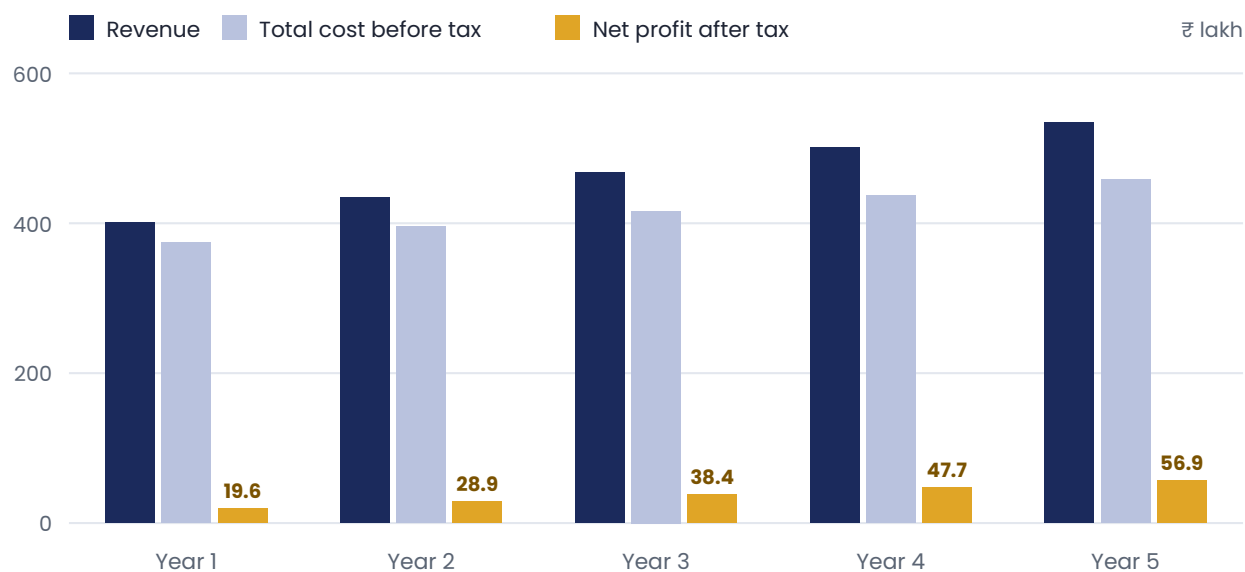
Working capital is worked out from holding periods: 45 days of raw material, 30 days of finished goods and 45 days of credit to customers, less 30 days of credit from suppliers. In Year 1 the requirement is ₹85.78 lakh. The bank funds ₹64.34 lakh through cash credit and the promoter's margin covers ₹21.44 lakh.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Raw material stock (45 days)	25.95	28.11	30.27	32.44	34.60
Work in progress (5 days)	3.93	4.23	4.53	4.83	5.14
Finished goods (30 days)	24.94	26.83	28.73	30.65	32.59
Trade receivables (45 days)	49.43	53.54	57.66	61.78	65.90
Total current assets	104.25	112.71	121.19	129.70	138.23
Less: trade creditors (30 days)	18.47	20.01	21.54	23.08	24.62
Working capital requirement	85.78	92.70	99.65	106.62	113.61

12 Projected profitability

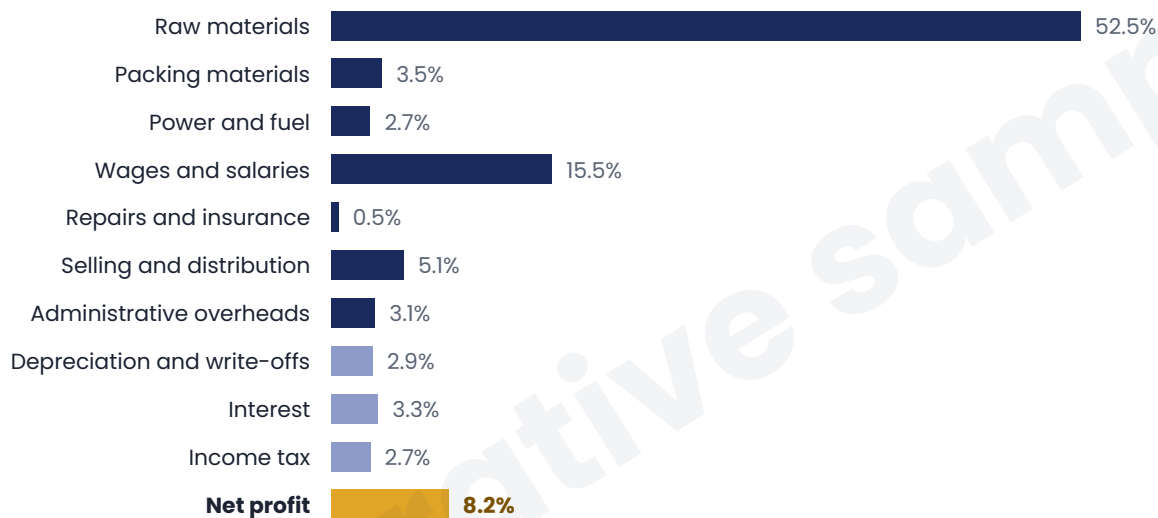
Revenue grows from ₹400.90 lakh in Year 1, at 60% utilisation, to ₹534.53 lakh in Year 5 at 80%. Net profit rises from ₹19.55 lakh to ₹56.92 lakh over the same period, an average net margin of 8%.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Capacity utilisation (%)	60%	65%	70%	75%	80%
Revenue from operations	400.90	434.30	467.71	501.12	534.53
Raw materials consumed	210.47	228.01	245.55	263.09	280.63
Packing materials	14.20	15.39	16.57	17.75	18.94
Power and fuel	10.96	11.87	12.78	13.70	14.61
Wages and salaries	65.64	68.92	72.37	75.99	79.79
Repairs and maintenance	1.64	1.72	1.80	1.89	1.99
Insurance	0.52	0.52	0.52	0.52	0.52
Cost of production	303.43	326.43	349.59	372.94	396.48
Gross profit	97.47	107.87	118.12	128.18	138.05
Selling and distribution expenses	20.30	21.99	23.68	25.37	27.06
Administrative overheads	12.98	13.63	14.31	15.03	15.78
Operating profit (EBITDA)	64.19	72.25	80.13	87.78	95.21
Depreciation	17.23	14.87	12.83	11.08	9.57
Preliminary expenses written off	0.72	0.72	0.72	0.72	0.73
Interest on term loan	13.09	10.99	8.28	5.28	1.94
Interest on cash credit	7.08	7.08	7.08	7.08	7.08
Profit before tax	26.07	38.59	51.22	63.62	75.89
Income tax	6.52	9.65	12.80	15.90	18.97
Profit after tax	19.55	28.94	38.42	47.72	56.92



Revenue, total cost before tax and net profit after tax, ₹ lakh

Where each rupee of sales goes in Year 3



Each cost head as a percentage of Year 3 sales

13 Cash flow statement

The cash flow statement sets out the sources and uses of funds year by year. The unit stays cash positive throughout and closes Year 5 with a cash balance of ₹105.90 lakh after meeting the loan repayments due.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Sources of funds					
Promoter's contribution	42.34	–	–	–	–
Term loan from bank	127.01	–	–	–	–
Cash credit (working capital) from bank	64.34	–	–	–	–
Net profit after tax	19.55	28.94	38.42	47.72	56.92
Depreciation	17.23	14.87	12.83	11.08	9.57
Preliminary expenses written off	0.72	0.72	0.72	0.72	0.73
Increase in trade creditors	18.47	1.54	1.53	1.54	1.54
Total sources	289.66	46.07	53.50	61.06	68.76
Application of funds					
Fixed assets	144.30	–	–	–	–
Preliminary and pre-operative expenses	3.61	–	–	–	–
Increase in inventories	54.82	4.35	4.36	4.39	4.41
Increase in trade receivables	49.43	4.11	4.12	4.12	4.12
Repayment of term loan	11.35	24.55	27.25	30.26	33.60
Drawings	–	–	–	–	–
Total application	263.51	33.01	35.73	38.77	42.13
Net cash flow	26.15	13.06	17.77	22.29	26.63
Opening cash balance	–	26.15	39.21	56.98	79.27
Closing cash balance	26.15	39.21	56.98	79.27	105.90

14 Projected balance sheet

The projected balance sheet balances in every year. Net worth grows from ₹59.00 lakh at the end of Year 1 to ₹233.89 lakh at the end of Year 5, while the term loan outstanding falls from ₹115.66 lakh to nil.

As at year end (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Liabilities					
Promoter's capital	42.34	42.34	42.34	42.34	42.34
Reserves and surplus	19.55	48.49	86.91	134.63	191.55
Term loan	115.66	91.11	63.86	33.60	–
Cash credit from bank	64.34	64.34	64.34	64.34	64.34
Trade creditors	18.47	20.01	21.54	23.08	24.62
Total liabilities	260.36	266.29	278.99	297.99	322.85
Assets					
Gross fixed assets	144.30	144.30	144.30	144.30	144.30
Less: accumulated depreciation	(17.23)	(32.10)	(44.93)	(56.01)	(65.58)
Net fixed assets	127.07	112.20	99.37	88.29	78.72
Preliminary expenses not written off	2.89	2.17	1.45	0.73	–
Inventories	54.82	59.17	63.53	67.92	72.33
Trade receivables	49.43	53.54	57.66	61.78	65.90
Cash and bank balance	26.15	39.21	56.98	79.27	105.90
Total assets	260.36	266.29	278.99	297.99	322.85

15 Depreciation

Fixed assets are depreciated on the written-down value method, at 15% a year for plant and machinery, 10% for building and 10% for other assets. Land carries no depreciation.

Preliminary and pre-operative expenses are written off in equal parts over five years.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Building and civil works (cost ₹36.17 lakh, 10% WDV)					
Opening written-down value	36.17	32.55	29.29	26.36	23.72
Depreciation	3.62	3.26	2.93	2.64	2.37
Closing written-down value	32.55	29.29	26.36	23.72	21.35
Plant and machinery (cost ₹85.88 lakh, 15% WDV)					
Opening written-down value	85.88	73.00	62.05	52.74	44.83
Depreciation	12.88	10.95	9.31	7.91	6.72
Closing written-down value	73.00	62.05	52.74	44.83	38.11
Other fixed assets (cost ₹7.30 lakh, 10% WDV)					
Opening written-down value	7.30	6.57	5.91	5.32	4.79
Depreciation	0.73	0.66	0.59	0.53	0.48
Closing written-down value	6.57	5.91	5.32	4.79	4.31
Total depreciation	17.23	14.87	12.83	11.08	9.57
Preliminary expenses written off	0.72	0.72	0.72	0.72	0.73

16 Term loan repayment

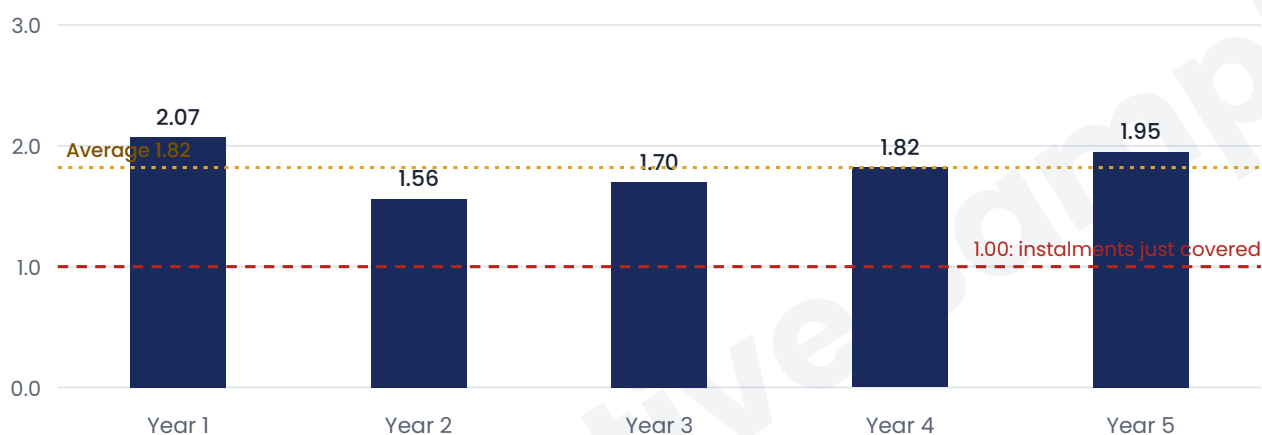
The term loan of ₹127.01 lakh carries interest at 10.5% a year. Only interest is paid during the 6-month moratorium, after which the loan is repaid in 54 equal monthly instalments of ₹2,96,139. The month-by-month schedule is in the annexure.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Opening balance	127.01	115.66	91.11	63.86	33.60
Interest	13.09	10.99	8.28	5.28	1.94
Principal repaid	11.35	24.55	27.25	30.26	33.60
Closing balance	115.66	91.11	63.86	33.60	—

17 Debt service coverage

Cash available for debt service covers the term loan instalments 1.82 times on average, and never less than 1.56 times (Year 2).

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Net profit after tax	19.55	28.94	38.42	47.72	56.92
Depreciation and write-offs	17.95	15.59	13.55	11.80	10.30
Interest on term loan	13.09	10.99	8.28	5.28	1.94
Total available for debt service (A)	50.59	55.52	60.25	64.80	69.16
Principal repayment	11.35	24.55	27.25	30.26	33.60
Interest on term loan	13.09	10.99	8.28	5.28	1.94
Total debt service (B)	24.44	35.54	35.53	35.54	35.54
DSCR (A / B)	2.07	1.56	1.70	1.82	1.95

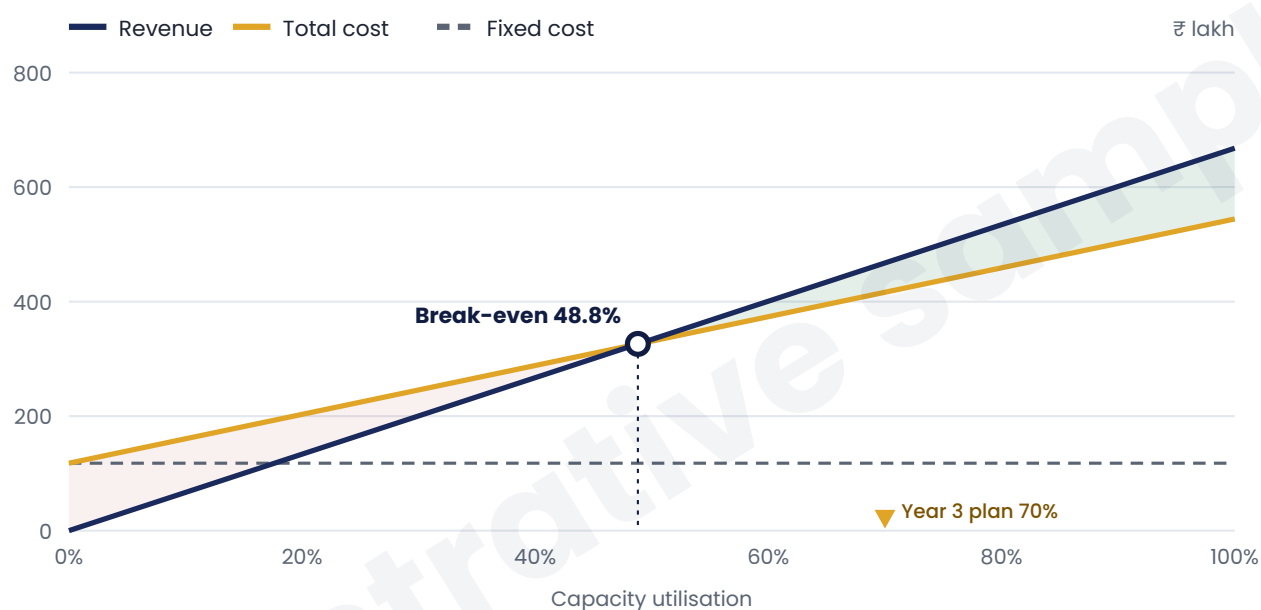


DSCR by year. A ratio above 1.00 means cash accruals cover the term loan instalments.

18 Break-even analysis

The break-even point in Year 3 is 48.8% of installed capacity. Below that level the unit would not cover its fixed costs, interest and depreciation; above it, each additional unit sold adds to profit. Cash break-even is lower, at 43.2%.

Particulars (₹ lakh)	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Revenue from operations	400.90	434.30	467.71	501.12	534.53
Variable costs	255.93	277.26	298.58	319.91	341.24
Contribution	144.97	157.04	169.13	181.21	193.29
Fixed costs (incl. depreciation and interest)	118.90	118.45	117.91	117.59	117.40
Break-even as % of installed capacity	49.2	49.0	48.8	48.7	48.6
Cash break-even as % of installed capacity	41.8	42.6	43.2	43.8	44.3
Break-even sales	328.81	327.58	326.07	325.18	324.66



Break-even chart at Year 3 prices and costs, scaled to full capacity. Shaded areas show the loss zone (left) and profit zone (right).

19 Financial ratios

Liquidity and leverage improve over the projection. The current ratio stays at or above 1.57, while debt-equity drops from 1.96 to zero as the term loan is repaid.

Ratio	Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30	Year 4 FY 2030-31	Year 5 FY 2031-32
Current ratio	1.57	1.80	2.07	2.39	2.74
Quick ratio	0.91	1.10	1.33	1.61	1.93
Debt-equity ratio (term loan / net worth)	1.96	1.03	0.50	0.19	0.00
Total outside liabilities / net worth	3.36	1.98	1.17	0.69	0.38
Interest coverage ratio	2.29	3.14	4.33	6.15	9.41
DSCR	2.07	1.56	1.70	1.82	1.95
Gross profit margin (%)	24.3	24.8	25.3	25.6	25.8
Operating profit (EBITDA) margin (%)	16.0	16.6	17.1	17.5	17.8
Net profit margin (%)	4.9	6.7	8.2	9.5	10.6
Return on capital employed (%)	19.3	23.2	26.0	27.7	28.5
Break-even (% of installed capacity)	49.2	49.0	48.8	48.7	48.6

20 Key assumptions

- Commercial production starts in April 2027, and all assets are in use from the first year.
- Capacity utilisation of 60% in Year 1, rising to 80% by Year 5, over 300 working days a year.
- Selling price of ₹256 per pair, excluding GST, held constant through the projection.
- Raw materials at 52.5% of sales, packing materials at 3.5%, power and fuel at 2.7%, and selling and distribution at 5.1%.
- Wages and salaries rise by 5% a year; repairs and administrative overheads rise by 5% a year.
- Working capital based on 45 days of raw material, 5 days of work in progress, 30 days of finished goods and 45 days of receivables, less 30 days of creditors.
- Term loan at 10.5% interest with a 6-month moratorium and 54 monthly instalments; cash credit at 11% on 75% of the working capital requirement.
- Depreciation on the written-down value method at Income Tax Act rates; income tax at a flat 25% of profit for simplicity.
- Contingency of 5% on building and machinery; preliminary and pre-operative expenses written off over five years.
- All amounts in ₹ lakh unless stated otherwise, excluding GST.

21 Conclusion

In summary, the sample project needs ₹169.35 lakh, breaks even at 48.8% of capacity in Year 3 and repays its term loan from its own cash flow, with a payback period of about 3.6 years. A report for an actual project replaces these representative figures with local land and building costs, machinery quotations and a market survey for the chosen location.

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A Annexure: monthly loan repayment schedule

Term loan of ₹127.01 lakh at 10.5% a year. Amounts in ₹ lakh.

No.	Month	Opening balance	Interest	Principal	Instalment	Closing balance
1	Apr 2027	127.01	1.11	–	1.11	127.01
2	May 2027	127.01	1.11	–	1.11	127.01
3	Jun 2027	127.01	1.11	–	1.11	127.01
4	Jul 2027	127.01	1.11	–	1.11	127.01
5	Aug 2027	127.01	1.11	–	1.11	127.01
6	Sep 2027	127.01	1.11	–	1.11	127.01
7	Oct 2027	127.01	1.11	1.85	2.96	125.16
8	Nov 2027	125.16	1.10	1.87	2.96	123.29
9	Dec 2027	123.29	1.08	1.88	2.96	121.41
10	Jan 2028	121.41	1.06	1.90	2.96	119.51
11	Feb 2028	119.51	1.05	1.92	2.96	117.60
12	Mar 2028	117.60	1.03	1.93	2.96	115.66
13	Apr 2028	115.66	1.01	1.95	2.96	113.71
14	May 2028	113.71	0.99	1.97	2.96	111.75
15	Jun 2028	111.75	0.98	1.98	2.96	109.76
16	Jul 2028	109.76	0.96	2.00	2.96	107.76
17	Aug 2028	107.76	0.94	2.02	2.96	105.75
18	Sep 2028	105.75	0.93	2.04	2.96	103.71
19	Oct 2028	103.71	0.91	2.05	2.96	101.66
20	Nov 2028	101.66	0.89	2.07	2.96	99.58
21	Dec 2028	99.58	0.87	2.09	2.96	97.49
22	Jan 2029	97.49	0.85	2.11	2.96	95.38
23	Feb 2029	95.38	0.83	2.13	2.96	93.26
24	Mar 2029	93.26	0.82	2.15	2.96	91.11
25	Apr 2029	91.11	0.80	2.16	2.96	88.95
26	May 2029	88.95	0.78	2.18	2.96	86.77
27	Jun 2029	86.77	0.76	2.20	2.96	84.56
28	Jul 2029	84.56	0.74	2.22	2.96	82.34
29	Aug 2029	82.34	0.72	2.24	2.96	80.10
30	Sep 2029	80.10	0.70	2.26	2.96	77.84
31	Oct 2029	77.84	0.68	2.28	2.96	75.56
32	Nov 2029	75.56	0.66	2.30	2.96	73.26
33	Dec 2029	73.26	0.64	2.32	2.96	70.94
34	Jan 2030	70.94	0.62	2.34	2.96	68.60
35	Feb 2030	68.60	0.60	2.36	2.96	66.24
36	Mar 2030	66.24	0.58	2.38	2.96	63.86
37	Apr 2030	63.86	0.56	2.40	2.96	61.45
38	May 2030	61.45	0.54	2.42	2.96	59.03
39	Jun 2030	59.03	0.52	2.44	2.96	56.58

No.	Month	Opening balance	Interest	Principal	Instalment	Closing balance
40	Jul 2030	56.58	0.50	2.47	2.96	54.12
41	Aug 2030	54.12	0.47	2.49	2.96	51.63
42	Sep 2030	51.63	0.45	2.51	2.96	49.12
43	Oct 2030	49.12	0.43	2.53	2.96	46.59
44	Nov 2030	46.59	0.41	2.55	2.96	44.04
45	Dec 2030	44.04	0.39	2.58	2.96	41.46
46	Jan 2031	41.46	0.36	2.60	2.96	38.86
47	Feb 2031	38.86	0.34	2.62	2.96	36.24
48	Mar 2031	36.24	0.32	2.64	2.96	33.60
49	Apr 2031	33.60	0.29	2.67	2.96	30.93
50	May 2031	30.93	0.27	2.69	2.96	28.24
51	Jun 2031	28.24	0.25	2.71	2.96	25.52
52	Jul 2031	25.52	0.22	2.74	2.96	22.78
53	Aug 2031	22.78	0.20	2.76	2.96	20.02
54	Sep 2031	20.02	0.18	2.79	2.96	17.24
55	Oct 2031	17.24	0.15	2.81	2.96	14.43
56	Nov 2031	14.43	0.13	2.84	2.96	11.59
57	Dec 2031	11.59	0.10	2.86	2.96	8.73
58	Jan 2032	8.73	0.08	2.88	2.96	5.85
59	Feb 2032	5.85	0.05	2.91	2.96	2.94
60	Mar 2032	2.94	0.03	2.94	2.96	–