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PROJECT REPORT

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PROJECT:

Compostable bag making unit

PROJECT REPORT

Of

COMPOSTABLE BAG

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Compostable bag making 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.]

COMPOSTABLE STARCH BAG

Introduction



Compostable Liners and Bags are the essential waste diversion product for home, business, or zero-waste event and are made with renewable resources.

In typical parlance, the word compostable is distinct in meaning from biodegradable. While biodegradable simply means an object is capable of being decomposed by bacteria or

other living organisms, "compostable" in the plastic industry is defined as able to decompose in aerobic environments that are maintained under specific controlled temperature and humidity conditions. Compostable means capable of undergoing biological decomposition in a compost site such that the material is not visually distinguishable and breaks down into carbon dioxide, water, inorganic compounds and biomass at a rate consistent with known compostable materials.

Compostable Starch Bag Market Analysis

With a population of 1.252 billion, Indian economy is one of the fastest growing economies of the world and a founding member of SAARC and G4 nations. Some of the largest cities in India are Mumbai, Delhi, Bangalore, Hyderabad, Chennai, Jaipur, Ahmedabad, and Kolkata. The country have low per capita income of USD 1165 and USD 5238 in PPP terms. Compostable Plastic Market is expected to grow at a CAGR of 7% by 2020.

However, technological advancement and increasing demand from different sectors such as automobiles, packaging, healthcare, retail and agriculture, will lead to robust demand in Indian Compostable Starch Bags industry by 2020. Various regulation laid down by government and growing concern for environment will lead to increasing demand for biodegradable plastic in coming years.

PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	55%	60%	65%	70%	75%
<u>SALES</u>					
Gross Sale					
Compostable Bags	145.20	176.75	197.33	218.98	241.76
Total	145.20	176.75	197.33	218.98	241.76
COST OF SALES					
Raw Material Consumed	129.74	145.78	162.67	180.43	199.12
Electricity Expenses	3.70	4.03	4.37	4.70	5.04
Depreciation	2.21	1.88	1.60	1.37	1.16
Labour	7.32	7.69	8.07	8.47	8.90
Repair & maintenace	0.58	1.77	2.96	4.38	6.04
Wastage	1.95	3.64	4.07	5.41	5.97
Packaging Charges	1.49	1.62	1.76	1.89	2.03
Cost of Production	146.98	166.41	185.49	206.66	228.27
Add: Opening Stock /WIP	-	12.25	13.87	15.46	17.22
Less: Closing Stock /WIP	12.25	13.87	15.46	17.22	19.02
Cost of Sales	134.73	164.79	183.90	204.90	226.47
GROSS PROFIT	10.47	11.96	13.43	14.09	15.29
Salary to staff	1.68	1.85	2.03	2.24	2.57
Interest on Term Loan	1.12	0.98	0.70	0.43	0.15
Interest on working Capital	1.10	1.10	1.10	1.10	1.10

Rent	3.00	3.30	3.63	3.99	4.39
TOTAL	6.90	7.23	7.47	7.76	8.21
NET PROFIT	3.58	4.73	5.96	6.33	7.08
Taxation			0.20	0.28	0.43
PROFIT (After Tax)	3.58	4.73	5.76	6.05	6.65

PROJECTED BALANCE SHEET					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		5.08	7.80	10.56	13.12
<i>Add:- Own Capital</i>	2.50				
Add:- Retained Profit	3.58	4.73	5.76	6.05	6.65
Less:- Drawings	1.00	2.00	3.00	3.50	4.00
Closing Blance	5.08	7.80	10.56	13.12	15.76
Term Loan	11.11	8.32	5.54	2.76	-
Working Capital Limit	10.00	10.00	10.00	10.00	10.00
Sundry Creditors	13.84	14.58	16.27	18.04	19.91
Provisions & Other Liab	1.00	1.50	2.25	2.70	3.38
TOTAL :	41.02	42.20	44.62	46.62	49.05
<u>Assets</u>					
Fixed Assets (Gross)	15.00	15.00	15.00	15.00	15.00
Gross Dep.	2.21	4.09	5.69	7.06	8.22
Net Fixed Assets	12.79	10.91	9.31	7.94	6.78
Current Assets					
Sundry Debtors	3.87	4.71	5.26	5.84	6.45
Stock in Hand	20.90	25.04	27.93	31.06	34.29
Cash and Bank	3.46	1.53	2.12	1.78	1.54
TOTAL :	41.02	42.20	44.62	46.62	49.05

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.50				
Net Profit	3.58	4.73	5.96	6.33	7.08
Depriciation & Exp. W/off	2.21	1.88	1.60	1.37	1.16
Increase in Cash Credit	10.00	-	-	-	-
Increase In Term Loan	12.50	-	-	-	-
Increase in Creditors	13.84	0.74	1.69	1.78	1.87
Increase in Provisions & Oth lib	1.00	0.50	0.75	0.45	0.68
TOTAL :	45.62	7.85	10.00	9.92	10.79
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.00				
Increase in Stock	20.90	4.15	2.88	3.13	3.23
Increase in Debtors	3.87	0.84	0.55	0.58	0.61
Repayment of Term Loan	1.39	2.78	2.78	2.78	2.76
Drawings	1.00	2.00	3.00	3.50	4.00
Taxation	-	-	0.20	0.28	0.43
TOTAL :	42.16	9.77	9.42	10.26	11.03
Opening Cash & Bank Balance	-	3.46	1.53	2.12	1.78
Add : Surplus	3.46	- 1.93	0.59	- 0.34	- 0.24
Closing Cash & Bank Balance	3.46	1.53	2.12	1.78	1.54

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