

UP MSME 1-Connect

PROJECT REPORT

Planning to Start Your MSME Journey! Uncover Valuable Insights for your Business—Explore Now !!

PROJECT:

PAPER BAG

PROJECT REPORT

Of

PAPER BAG

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Paper Bag 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.]

PAPER BAG



INTRODUCTION

Paper bag is a bag made of paper, usually craft paper. Paper bags are commonly used as shopping bags, packaging, and snacks.

Paper bag is the new fad these days. We can see men and women carrying paper bags from almost everywhere. They bring it in schools, malls, offices and grocery stores.

This trend might have been developed because of the clothing sector. Famous clothes store design their paper bags with their own company or brand logo to attract customers. The people holding these particular bags get recognition because it gives an idea that they own a classy product. Printing company name or logo on paper bags serve as a form of promotion or marketing strategy. Also, many people prefer using paper bags because they are easy to carry, neat and can hold a lot of items.

Paper Bag Current Market Analysis

Paper bags have several benefits including durability, eco-friendly nature and convenience which lead to increase in its market demand. The global paper bags market witnessed slow growth during the 2012-2016 timeline; however, it is projected to grow at a higher pace to register a moderate CAGR of 4.4% throughout the period of forecast. In 2017, the global market for paper bags is valued at around US\$ 4500 Million and is estimated to touch a value of approximately US\$ 7 Billion by the end of the year of assessment. Factors like strong and growing retail sector in developed regions, rising preference for paper bags across regions and increasing penetration of retail outlets in emerging economies are contributing to the growth of the global paper bags market.

The retail segment in the end use category is expected to largely contribute to the growth of the global market for paper bags. This segment is projected to grow at a value CAGR of 4.3% throughout the period of forecast. In 2017, the retail segment reflected a market share of 54.5%.

PROJECTED PROFITABILITY STATEMENT

| PARTICULARS | 1st year | <u>2nd year</u> | <u>3rd year</u> | 4th year | 5th year | 6th year |
|---------------------------------|--------------|-----------------|-----------------|--------------|--------------|--------------|
| Capacity Utilization % | 75% | 78% | 80% | 83% | 86% | 90% |
| <u>SALES</u> | | | | | | |
| Gross Sale | | | | | | |
| Paper bag | 43.56 | 51.73 | 55.77 | 60.69 | 66.04 | 72.51 |
| Total | 43.56 | 51.73 | 55.77 | 60.69 | 66.04 | 72.51 |
| <u>COST OF SALES</u> | | | | | | |
| Raw Material Consumed | 32.40 | 35.38 | 38.10 | 41.51 | 45.16 | 49.62 |
| Electricity Expenses | 0.72 | 0.79 | 0.87 | 0.96 | 1.05 | 1.16 |
| Repair & Maintenance | 0.22 | 0.26 | 0.28 | 0.30 | 0.33 | 0.36 |
| Labour & Wages | 3.60 | 3.96 | 4.36 | 4.79 | 5.27 | 5.27 |
| Depreciation | 1.01 | 0.86 | 0.74 | 0.63 | 0.53 | 0.46 |
| Consumables & others | 3.24 | 3.54 | 3.81 | 4.15 | 4.52 | 4.96 |
| Cost of Production | 41.19 | 44.79 | 48.15 | 52.34 | 56.86 | 61.83 |
| Add: Opening Stock /WIP | - | 3.43 | 3.73 | 4.01 | 4.36 | 4.74 |
| Less: Closing Stock /WIP | 3.43 | 3.73 | 4.01 | 4.36 | 4.74 | 5.15 |
| Cost of Sales | 37.76 | 44.49 | 47.87 | 51.99 | 56.49 | 61.42 |
| GROSS PROFIT | 5.80 | 7.23 | 7.89 | 8.70 | 9.55 | 11.09 |
| Gross Profit % | 13% | 14% | 14% | 14% | 14% | 15% |
| staff | 0.72 | 0.79 | 0.87 | 0.96 | 1.05 | 1.16 |
| Interest on Term Loan | 0.51 | 0.44 | 0.31 | 0.18 | 0.05 | - |
| Interest on working Capital | 0.66 | 0.66 | 0.66 | 0.66 | 0.66 | 0.66 |
| rent | 1.20 | 1.26 | 1.32 | 1.39 | 1.46 | 1.53 |
| Selling & Adm Expenses Exp. | 0.44 | 0.52 | 0.56 | 0.61 | 0.66 | 0.73 |

| | | | | | | |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| TOTAL | 3.52 | 3.67 | 3.72 | 3.79 | 3.88 | 4.08 |
| NET PROFIT | 2.28 | 3.56 | 4.17 | 4.91 | 5.67 | 7.01 |
| Taxation | 0.57 | 0.89 | 1.04 | 1.23 | 1.42 | 1.75 |
| PROFIT (After Tax) | 1.71 | 2.67 | 3.13 | 3.68 | 4.25 | 5.26 |

PROJECTED BALANCE SHEET

| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year | 6th year |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>Liabilities</u> | | | | | | |
| Capital | | | | | | |
| <i>Opening Balance</i> | - | 4.60 | 6.17 | 7.80 | 9.29 | 10.94 |
| <i>Add:- Addition</i> | 3.89 | - | - | - | - | - |
| Add:-Profit During the Year | 1.71 | 2.67 | 3.13 | 3.68 | 4.25 | 5.26 |
| Less:- Drawings | 1.00 | 1.10 | 1.50 | 2.20 | 2.60 | 4.50 |
| Closing Balance | 4.60 | 6.17 | 7.80 | 9.29 | 10.94 | 11.70 |
| Term Loan | 4.57 | 3.37 | 2.17 | 0.97 | - | - |
| Working Capital Limit | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Sundry Creditors | 1.08 | 1.18 | 1.27 | 1.38 | 1.51 | 1.65 |
| Provisions & Other Liab | 0.30 | 0.33 | 0.36 | 0.40 | 0.44 | 0.48 |
| TOTAL : | 16.55 | 17.05 | 17.60 | 18.04 | 18.88 | 19.84 |
| <u>Assets</u> | | | | | | |
| Fixed Assets (Gross) | 6.89 | 6.89 | 6.89 | 6.89 | 6.89 | 6.89 |
| Gross Dep. | 1.01 | 1.88 | 2.61 | 3.24 | 3.77 | 4.23 |
| Net Fixed Assets | 5.88 | 5.01 | 4.28 | 3.65 | 3.12 | 2.66 |
| Current Assets | | | | | | |
| Sundry Debtors | 3.63 | 4.31 | 4.65 | 5.06 | 5.50 | 6.04 |
| Stock in Hand | 6.13 | 6.68 | 7.19 | 7.82 | 8.50 | 9.29 |
| Cash and Bank | 0.91 | 1.04 | 1.49 | 1.50 | 1.76 | 1.84 |
| TOTAL : | 16.55 | 17.05 | 17.60 | 18.04 | 18.88 | 19.84 |

PROJECTED CASH FLOW STATEMENT

| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year | 6th year |
|-----------------------------------|-----------------|---------------------|-----------------|-----------------|-----------------|---------------------|
| <u>SOURCES OF FUND</u> | | | | | | |
| Own Margin | 3.89 | | | | | |
| Net Profit | 2.28 | 3.56 | 4.17 | 4.91 | 5.67 | 7.01 |
| Depreciation & Exp. W/off | 1.01 | 0.86 | 0.74 | 0.63 | 0.53 | 0.46 |
| Increase in Cash Credit | 6.00 | - | - | - | - | - |
| Increase In Term Loan | 5.17 | - | - | - | - | - |
| Increase in Creditors | 1.08 | 0.10 | 0.09 | 0.11 | 0.12 | 0.15 |
| Increase in Provisions & Oth lib | 0.30 | 0.03 | 0.03 | 0.04 | 0.04 | 0.04 |
| TOTAL : | 19.73 | 4.55 | 5.03 | 5.69 | 6.37 | 7.66 |
| <u>APPLICATION OF FUND</u> | | | | | | |
| Increase in Fixed Assets | 6.89 | - | - | - | - | - |
| Increase in Stock | 6.13 | 0.55 | 0.51 | 0.63 | 0.68 | 0.79 |
| Increase in Debtors | 3.63 | 0.68 | 0.34 | 0.41 | 0.45 | 0.54 |
| Repayment of Term Loan | 0.60 | 1.20 | 1.20 | 1.20 | 0.97 | - |
| Taxation | 0.57 | 0.89 | 1.04 | 1.23 | 1.42 | 1.75 |
| Drawings | 1.00 | 1.10 | 1.50 | 2.20 | 2.60 | 4.50 |
| TOTAL : | 18.82 | 4.42 | 4.59 | 5.67 | 6.11 | 7.58 |
| Opening Cash & Bank Balance | - | 0.91 | 1.04 | 1.49 | 1.50 | 1.76 |
| Add : Surplus | 0.91 | 0.13 | 0.44 | 0.02 | 0.25 | 0.08 |
| Closing Cash & Bank Balance | 0.91 | 1.04 | 1.49 | 1.50 | 1.76 | 1.84 |

DISCLAIMER

The views expressed in this Project Report are advisory in nature. UP MSME assume no financial liability to anyone using the content for any purpose. All the materials and content contained in Project report is for educational purpose and reflect the views of the industry which are drawn from various research material sources from internet, experts, suppliers and various other sources. The actual cost of the project or industry will have to be taken on case to case basis considering specific requirement of the project, capacity and type of plant and other specific factors/cost directly related to the implementation of project. It is intended for general guidance only and must not be considered a substitute for a competent legal advice provided by a licensed industry professional. UP MSME hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content, which is provided as is, and without warranties.