

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

PVC BAGS

PROJECT REPORT

Of

PVC BAGS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Pvc Bags**.

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.]

1 Name of the Entrepreneur	PROJECT AT A GLANCE		State: xxxxxxxxxx
2 Constitution (legal Status)	xxxxxxxxxx		
3 Father / Spouse Name	xxxxxxxxxx		
4 Unit Address :	xxxxxxxxxx		
	xxxxxxxxxxxxxxxxxxxxxxxxxx		
5 Product and By Product			
6 Name of the project / business activity proposed :	District :	xxxxxxx	
	Pin:	xxxxxxx	
	Mobile	xxxxxxx	
7 Cost of Project	:	PVC BAGS	
8 Means of Finance			
Term Loan	PVC BAGS MAKING UNIT		
Own Capital			
Working Capital	:	Rs.15.89 Lakhs	
9 Debt Service Coverage Ratio			
10 Pay Back Period	Rs.10.8 Lakhs		
11 Project Implementation Period	Rs.1.59 Lakhs		
	Rs.3.5 Lakhs		
12 Break Even Point	:	2.13	
13 Employment	:	5 Years	
14 Power Requirement	:	5-6 Months	
15 Major Raw materials	:	39%	
16 Estimated Annual Sales Turnover (Max Capacity)	:	8 Persons	
17 Detailed Cost of Project & Means of Finance	:	20.00 HP	
	:	PVC Roll, Zip, Wire, Handle, Tape etc.	
COST OF PROJECT	:	69.05 Lakhs	
(Rs. In Lakhs)			
MEANS OF FINANCE		Particulars	Amount
		Land	Own/ Rented
		Building /Shed 800 Sq ft	3.00
		Plant & Machinery	7.80
		Furniture & Fixtures	1.20
		Working Capital	3.89
		Total	15.89
		Particulars	Amount
		Own Contribution	1.59
		Working Capital(Finance)	3.50
		Term Loan	10.80
		Total	15.89

PVC BAGS

Introduction: PVC Bags are manufactured from PVC Rolls. These bags are used in various industries for packaging material, many fashion brand bags use PVC material. It has a wider export market as well. Polyvinyl chloride is a solid plastic made from vinyl chloride gas. PVC can be hard and rigid, or it can be extremely flexible. It's flexibility depends whether or not phthalates are added during production. Because it's water resistant and durable, PVC is used in a lot of different products, including flooring, bags, wall decals, pipes, medical equipment, and of course clothing.



Benefits & Market Potential:

1. This kind of bag is rich in colour, can meet the needs of various people. In particular, it is possible to create a unique transparent bag, and this candy-coloured bag is also the most popular among consumers.
2. PVC bag is particularly glossy, the naked eye looks like it will always have the effect of flashing.
3. PVC material bags are cheap, but the finished products are very expensive and fashionable, so they are very popular among manufacturers.
4. PVC material bag will be lighter, which is also a big reason why it is popular with women.

Growing usage of PVC Bags in various application across domestic (living room etc.), commercial (schools, hospitals, etc.) and industrial (warehouses, production plants, etc.) premises, owing to its durability, ease of installation,

recyclability and availability in variable thicknesses would aid the market. Many manufacturers have begun to use PVC Bags in packaged products, and many people use it for other purpose like handbag, zip bag etc. Therefore the demand for PVC Bags is more, so it is profitable to start the PVC Bags manufacturing business.

Raw material requirements: PVC Roll and Zip are used as a main raw material for manufacturing of PVC bags. Various Other materials are also required as per desired design and size like: Wire, Handle, tape etc. on the basis of different types of bags manufactured.

Machinery & Equipments: Major machines & equipments are mentioned below:

S No.	Machine	Price
1.	Cutting machine	300000
2.	Stitching machine (6*50000)	300000
3.	Screen Printer	100000
4.	Heat sealing machine	50000
5.	Other equipments & tool	30000
	Total Amount	780000

ManufacturingProcess:

- Procurement of raw material PVC rolls, Zip etc. from the market.
- After Procurement first of all PVC rolls are divided into desired size with the help of cutting machine.

- If you want to print on the bags, then with the help of screen printer we can print logos, design on the bags surface.
- Wrapping of cloth or fabric is to be done on the wire, which is used to give structure to the bags and then they are transferred to the stitching department for stitching of bags.
- Pasting of handles on the bags and enclosed zip to the bags.
- And if you want pocket in the bags we can enclosed pockets with the help of heat sealing machine.
- Final stitching of bags and packaging of finished product.

Product Types: This project report is prepared on Different Packaging PVC Bags of maximum uses.

S N o.	Particulars	Selling Price	Raw material cost
1.	Transparent Open PVC Bag-small size	5	2.5
2.	Transparent Open PVC Bag-Large size	10	5
3.	PVC Hanger Bag	12	6
4.	Small Zipper Bag	15	8
5.	Large Zipper Bag	20	12
6.	PVC Shopping Bag	15	7.5
7.	PVC Blanket Bag	25	13
	Average Price (Round off)	15	8

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation,

office furniture, etc. Thus, the approximate total area required for complete industrial setup is 800 to 1200Sqft. Civil work cost will be Rs 3 Lac (Approx.)

Power Requirement –The power consumption required to run all the machinery could be approximated as 20hp

Manpower Requirement– There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

<u>PROJECTED CASH FLOW STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.59	-			
Reserve & Surplus	1.74	2.87	4.67	5.90	7.59
Depriciation & Exp. W/off	1.59	1.37	1.19	1.02	0.89
Increase In Cash Credit	3.50				
Increase In Term Loan	10.80	-	-	-	-
Increase in Creditors	0.90	0.15	0.16	0.17	0.19
TOTAL :	20.12	4.40	6.01	7.09	8.66
<u>APPLICATION OF FUND</u>					

Increase in Fixed Assets	12.00	-	-	-	-
Increase in Stock	2.32	0.38	0.41	0.43	0.46
Increase in Debtors	2.57	0.56	0.46	0.49	0.52
Repayment of Term Loan	1.20	2.40	2.40	2.40	2.40
Taxation	-	-	-	0.88	1.14
Drawings	0.80	1.00	2.00	2.50	4.00
TOTAL :	18.89	4.33	5.27	6.71	8.52
Opening Cash & Bank Balance	-	1.23	1.29	2.04	2.42
Add : Surplus	1.23	0.06	0.75	0.38	0.14
Closing Cash & Bank Balance	1.23	1.29	2.04	2.42	2.56

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V

<u>SOURCES OF FUND</u>					
Capital Account					
Opening Balance	-	2.53	4.40	7.07	9.58
Add: Additions	1.59	-	-	-	-
Add: Net Profit	1.74	2.87	4.67	5.01	6.45
Less: Drawings	0.80	1.00	2.00	2.50	4.00
Closing Balance	2.53	4.40	7.07	9.58	12.03
CC Limit	3.50	3.50	3.50	3.50	3.50
Term Loan	9.60	7.20	4.80	2.40	-
Sundry Creditors	0.90	1.05	1.22	1.39	1.58
TOTAL :	16.53	16.15	16.58	16.87	17.10
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	12.00	12.00	12.00	12.00	12.00

Gross Dep.	1.59	2.96	4.15	5.17	6.06
Net Fixed Assets	10.41	9.04	7.85	6.83	5.94
Current Assets					
Sundry Debtors	2.57	3.12	3.59	4.08	4.60
Stock in Hand	2.32	2.70	3.11	3.54	4.00
Cash and Bank	1.23	1.29	2.04	2.42	2.56
TOTAL :	16.53	16.15	16.58	16.87	17.10

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<u>PROJECTED PROFITABILITY STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	38.48	46.81	53.78	61.19	69.05
Total (A)	38.48	46.81	53.78	61.19	69.05

B) COST OF SALES					
Raw Material Consumed	18.00	21.04	24.30	27.79	31.50
Electricity Expenses	1.61	1.77	1.93	2.10	2.26
Repair & Maintenance	3.85	5.15	5.92	6.73	7.60
Labour & Wages	7.69	8.07	8.47	8.90	9.30
Depreciation	1.59	1.37	1.19	1.02	0.89
Cost of Production	32.74	37.40	41.81	46.54	51.54
Add: Opening Stock /WIP	-	1.72	2.00	2.30	2.61
Less: Closing Stock /WIP	1.72	2.00	2.30	2.61	2.95
Cost of Sales (B)	31.01	37.13	41.51	46.22	51.20
C) GROSS PROFIT (A-B)	7.46	9.69	12.26	14.97	17.85
	19.39%	20.69%	22.80%	24.46%	25.85%
D) Bank Interest (Term Loan)	1.17	0.96	0.69	0.43	0.17
ii) Interest On Working Capital	0.39	0.39	0.39	0.39	0.39

E) Salary to Staff	3.78	4.54	5.44	6.42	7.64
F) Selling & Adm Expenses Exp.	0.38	0.94	1.08	1.84	2.07
TOTAL (D+E)	5.72	6.81	7.60	9.07	10.26
H) NET PROFIT	1.74	2.87	4.67	5.90	7.59
	4.5%	6.1%	8.7%	9.6%	11.0%
I) Taxation	-	-	-	0.88	1.14
J) PROFIT (After Tax)	1.74	2.87	4.67	5.01	6.45

<u>COMPUTATION OF MAKING OF PVC BAGS</u>			
Item to be Manufactured Pvc Bags			
Manufacturing Capacity per day		1500	Bags
No. of Working Hour		8	

No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		4,50,000	Bags
Total Production per Annum		4,50,000	Bags
Year		Capacity	PVC BAGS
		Utilisation	
I		50%	2,25,000.00
II		55%	2,47,500.00
III		60%	2,70,000.00
IV		65%	2,92,500.00
V		70%	3,15,000.00
Raw Material Consumed	Capacity	Rate per Bag	Amount (Rs.)
	Utilisation		

I	50%	8.00	18.00
II	55%	8.50	21.04
III	60%	9.00	24.30
IV	65%	9.50	27.79
V	70%	10.00	31.50

<u>COMPUTATION OF SALE</u>					
Particulars	I	II	III	IV	V
Op Stock	-	11,250.00	12,375.00	13,500.00	14,625.00
Production	2,25,000.00	2,47,500.00	2,70,000.00	2,92,500.00	3,15,000.00
	2,25,000.00	2,58,750.00	2,82,375.00	3,06,000.00	3,29,625.00
Less : Closing Stock(15 Days)	11,250.00	12,375.00	13,500.00	14,625.00	15,750.00
Net Sale	2,13,750.00	2,46,375.00	2,68,875.00	2,91,375.00	3,13,875.00

Sale Price per Bag	18.00	19.00	20.00	21.00	22.00
Sale (in Lacs)	38.48	46.81	53.78	61.19	69.05

<u>COMPUTATION OF CLOSING STOCK & WORKING CAPITAL</u>					
PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	1.72	2.00	2.30	2.61	2.95
<u>Raw Material</u>					
(10 Days requirement)	0	0.70	0.81	0.93	1.05
	.60				
Closing Stock	2.32	2.70	3.11	3.54	4.00
COMPUTATION OF WORKING CAPITAL REQUIREMENT					
Particulars	Amount	Margin(10%)	Net		
			Amount		
Stock in Hand	2				
	.32				
Less:					

Sundry Creditors	0.90		
Paid Stock	1.42	0.14	1.28
Sundry Debtors	2 .57	0.26	2.31
Working Capital Requirement			3.59
Margin			0.40
MPBF			3.59
Working Capital Demand			3.50

<u>BREAK UP OF LABOUR</u>				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary

Supervisor		18,000.00	1	18,000.00
Plant Operator		15,000.00	1	15,000.00
Unskilled Worker		12,000.00	1	12,000.00
Helper		10,000.00	1	10,000.00
Security Guard		6,000.00	1	6,000.00
				61,000.00
Add: 5% Fringe Benefit				3,050.00
Total Labour Cost Per Month				64,050.00
Total Labour Cost for the year (Rs. Lakhs) In			5	7.69

<u>BREAK UP OF SALARY</u>				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		12,000.00	1	12,000.00
Accountant cum store keeper		10,000.00	1	10,000.00
Sales		8,000.00	1	8,000.00

Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. laks) L			3	3.78

<u>COMPUTATION OF DEPRECIATION</u>					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	3.00	7.80	1.20	12.00
	-	3.00	7.80	1.20	12.00
		-	-	-	
TOTAL		3.00	7.80	1.20	12.00
Less : Depreciation	-	0.30	1.17	0.12	1.59

WDV at end of Ist year	-	2.70	6.63	1.08	10.41
Additions During The Year	-	-	-	-	-
	-	2.70	6.63	1.08	10.41
Less : Depreciation	-	0.27	0.99	0.11	1.37
WDV at end of IInd Year	-	2.43	5.64	0.97	9.04
Additions During The Year	-	-	-	-	-
	-	2.43	5.64	0.97	9.04
Less : Depreciation	-	0.24	0.85	0.10	1.19
WDV at end of IIIrd year	-	2.19	4.79	0.87	7.85
Additions During The Year	-	-	-	-	-
	-	2.19	4.79	0.87	7.85
Less : Depreciation	-	0.22	0.72	0.09	1.02
WDV at end of IV year	-	1.97	4.07	0.79	6.83
Additions During The Year	-	-	-	-	-
	-	1.97	4.07	0.79	6.83
Less : Depreciation	-	0.20	0.61	0.08	0.89
WDV at end of Vth year	-	1.77	3.46	0.71	5.94

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	10.80	10.80	0.30	-	10.80
	Iind Quarter	10.80	-	10.80	0.30	-	10.80
	IIIrd Quarter	10.80	-	10.80	0.30	0	10.20
	Ivth Quarter	10.20	-	10.20	0.28	0.60	9.60
					1.17	1	
II	Opening Balance					.20	
	Ist Quarter	9.60	-	9.60	0.26	0	9.00
	Iind Quarter	9.00	-	9.00	0.25	0	8.40
	IIIrd Quarter	8.40	-	8.40	0.23	0	7.80
	Ivth Quarter	7.80		7.80	0.21	0	7
					0.96	2	.20
III	Opening Balance					.40	
	Ist Quarter	7.20	-	7.20	0.20	0	6.60
	Iind Quarter	6.60	-	6.60	0.18	0	6.00
	IIIrd Quarter	6.00	-	6.00	0.17	0	5.40

	Ivth Quarter	5.40		5.40	0.15	0.60	4 .80
					0.69	2 .40	
IV	Opening Balance						
	Ist Quarter	4.80	-	4.80	0.13	0 .60	4.20
	Iind Quarter	4.20	-	4.20	0.12	0 .60	3.60
	IIIrd Quarter	3.60	-	3.60	0.10	0 .60	3.00
	Ivth Quarter	3.00		3.00	0.08	0.60	2 .40
					0.43	2 .40	
V	Opening Balance						
	Ist Quarter	2.40	-	2.40	0.07	0 .60	1.80
	Iind Quarter	1.80	-	1.80	0.05	0 .60	1.20
	IIIrd Quarter	1.20	-	1.20	0.03	0 .60	0.60
	Ivth Quarter	0.60		0.60	0.02	0.60	0 .00
					0.17	2 .40	

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

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	3.33	4.24	5.85	6.04	7.33
Interest on Term Loan	1.17	0.96	0.69	0.43	0.17
Total	4.50	5.20	6.54	6.47	7.50
<u>REPAYMENT</u>					
Repayment of Term Loan	1.20	2.40	2.40	2.40	2.40
Interest on Term Loan	1.17	0.96	0.69	0.43	0.17
Total	2.37	3.36	3.09	2.83	2.57

DEBT SERVICE COVERAGE RATIO	1.90	1.55	2.12	2.29	2.92
AVERAGE D.S.C.R.			2.13		

<u>COMPUTATION OF ELECTRICITY</u>				
<u>(A) POWER CONNECTION</u>				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	20	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				2,68,560.00
Add : Minimim Charges (@ 10%)				
<u>(B) DG set</u>				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day

Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				3.22
Year		Capacity		Amount
				(in Lacs)
I		50%		1.61
II		55%		1.77
III		60%		1.93
IV		65%		2.10
V		70%		2.26

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