

PROJECT REPORT

Of

JUIT BAG

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **JUIT BAG**

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.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouce's Name : XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block: XXXXX
- District : XXXXX State: XXXXX
- Pin: XXXXX
- E-Mail : XXXXX
- Mobile XXXXX
- 5 Product and By Product : **Jute Bag (Printed and decorated)**
- 6 Name of the project / business activity proposed : **Jute Bag (Printed and decorated)**
- 7 Cost of Project : Rs9.09lac
- 8 Means of Finance
- | | |
|-------------------|----------------------------|
| Term Loan | Rs.4.95 Lacs |
| KVIC Margin Money | As per Project Eligibility |
| Own Capital | Rs.0.91 Lacs |
| Working Capital | Rs.3.23 Lacs |
- 9 Debt Service Coverage Ratio : 3.66
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 49%
- 13 Employment : 15 Persons
- 14 Power Requirement : 5.00 HP
- 15 Major Raw materials : Jute Cloth
- 16 Estimated Annual Sales Turnover : 32.06 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (2000 Sq ft)	4.00
Plant & Machinery	1.20
Furniture & Fixtures	0.30
Pre-operative Expenses	-
Working Capital Requirement	3.59
Total	9.09

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	0.91
Term Loan	4.95
Workign Capital Finance	3.23
Total	9.09

	General	Special
Beneficiary's Margin Monery (% of Project Cost)	10%	5%

PROJECT PROFILE ON JUTE BAG



INTRODUCTION

As the name itself implies the jute bags are used for shopping purpose. Now a day the printed jute bags are used for travel purposes too. All the machineries and raw materials used for its manufacture are easily available from indigenous sources and as not much technology is involved, factory can be established at rural and urban areas.

PLANT CAPACITY PER ANNUM

Items

Printed & Decorated Jute Shopping Bags

Quantity

100000 Pcs PA

MARKET & DEMAND ASPECT

Every responsible citizen considering the black future of ours next generation shall stop using plastic carrier bags used for shopping as much as possible. Plastic bags in general take anywhere from 20 to 1000 years to breakdown in the environment. The natural alternative is jute bag. Decorated jute bags and shopping bags are very much in demand both for domestic and international market.

With the increase of population the scope of trade and industry is also increasing. As the bags are an essential commodity for human, so the demand of the product is growing day by day. The demands of the product remain consistent through out the year. So, it is presumed that there is a good scope for starting of such type of industry with a huge export potential.

RAW MATERIALS

The raw materials required for printed and decorated jute shopping bags are jute fabrics, dye stuff, printing gum, chemicals and auxiliaries, PVC buckle and bamboo sticks, sewing thread, packing materials, label etc. used. All the above raw materials are available locally.

MANUFACTURING PROCESS & SOURCE OF TECHNOLOGY

The Woven jute fabric is procured from the market and spread on printing table and fixed by requisite auxiliaries/ingredients. Then it is printed by screen as per requisite design and colours. The printed fabric is washed and dried under sun light or through drier.

The printed fabric is cut as per required design and sizes of the bag. The cut pieces are stitched by lock stitch machine. Then the PVC buckle or bamboo stick etc. is attached manually. The bags are packed for marketing.

BASIS OF PROJECT SELECTION

There are good numbers of manufacturers of printed and decorated jute bags situated around Kolkata. Expert craftsmen are available here at a lesser cost in comparison with other metro cities. Basic raw material i.e. jute is available mainly in eastern India like West Bengal and they are easily available in kolkata market. More over ports are available in kolkata which helps export to other countries.

PRESUMPTION

- a) The cost in respect of plant and machinery, raw materials and selling price of finished product are those generally obtained at the time of preparation of project profile and may vary depending upon other various factors.
- b) The salary and wages of staff and labours has been taken as per present market rate.
- c) Production utilization capacity is considered initially at 75% of the total capacity. The time period for achieving full envisaged capacity utilization is three years.

d) Working days per year is considered 300 days and working hours is 8 hour per day considering single shift.

e) The rate of interest on Bank loan has been considered as 11.50% p.a. which may vary from time to time.

Production Capacity per annum (at 75% capacity utilization):

Items	Nos.	Rate	Total
1. Printed & Decorated Jute Shopping Bags	75000	35.00	2625000.00
Total Turnover (incl. tax)			2625000.00

PLANT & MACHINERY

Particulars			Rate	Total (Rs.)
Printing Section:				
a) Wooden Printing Table	2		12500	25000
b) Screen of Diff. Design	30	350		10500
c) Rubber Wiper	10	125		1250
d) Dye Paste Stirrer	4		3600	14400
e) Water Drum	2		1900	3800
f) Cottage Steamer	1		16500	16500
g) Tubes, Steel Spoons, Mugs, Bucket, Roper, Clips, Stools etc.				6800
Total				78250
Stitching Section:				
a) Lock Stitch Machine	6		2000	4000
b) Wooden Working Table	2		1800	1800
c) Cutting Table	1			4500
d) Electric Fittings				2800
e) Scissors, Measuring tape and other Equipments				41300
Total Machinery				119550

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	0.91	0.91	0.91	0.91	0.91
Retained Profit	5.73	10.81	15.40	20.18	24.56
Term Loan	4.95	3.71	2.47	1.24 -	0.00
Cash Credit	3.21	3.21	3.21	3.21	3.21
Sundry Creditors	0.56	0.60	0.64	0.68	0.71
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	15.73	19.64	23.07	26.70	29.92
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	5.50	5.50	5.50	5.50	5.50
Gross Dep.	0.59	1.14	1.61	2.04	2.42
Net Fixed Assets	4.90	4.36	3.88	3.46	3.08
Current Assets					
Sundry Debtors	2.24	2.51	2.67	2.97	2.99
Stock in Hand	1.91	2.04	2.17	0.68	0.72
Cash and Bank	4.17	7.98	11.33	16.27	19.47
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	15.73	19.64	23.07	26.70	29.92

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PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	0.91	-			
Reserve & Surplus	5.73	5.64	5.74	5.98	5.47
Depriciation & Exp. W/off	0.59	0.54	0.48	0.42	0.38
Increase in Cash Credit	3.21	-	-	-	-
Increase In Term Loan	4.95	-	-	-	-
Increase in Creditors	0.56	0.04	0.04	0.04	0.04
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	16.32	6.25	6.29	6.49	5.93
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	5.50	-	-	-	-
Increase in Stock	1.91	0.13	0.13	1.49	0.04
Increase in Debtors	2.24	0.27	0.16	0.30	0.02
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	1.24	1.24	1.24	1.24
Taxation	-	0.56	1.15	1.20	1.09
TOTAL :	12.15	2.45	2.94	1.55	2.73
Opening Cash & Bank Balance	-	4.17	7.98	11.33	16.27
Add : Surplus	4.17	3.81	3.35	4.94	3.21
Closing Cash & Bank Balance	4.17	7.98	11.33	16.27	19.47

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
A) SALES					
Gross Sale	32.06	35.89	38.14	42.41	42.75
Total (A)	32.06	35.89	38.14	42.41	42.75
B) COST OF SALES					
Raw Mateiral Consumed	11.25	12.00	12.75	13.50	14.25
Electricity Expenses	0.54	0.57	0.61	0.64	0.68
Repair & Maintenance	-	0.36	0.38	0.42	0.43
Labour & Wages	11.02	12.12	13.34	14.67	16.14
Depriciation	0.59	0.54	0.48	0.42	0.38
Consumables and Other Expenses	0.64	0.72	0.76	0.85	0.85
Cost of Production	24.04	26.31	28.32	30.51	32.73
Add: Opening Stock /WIP	-	1.35	1.44	1.53	0.01
Less: Closing Stock /WIP	1.35	1.44	1.53	0.01	0.01
Cost of Sales (B)	22.69	26.22	28.23	32.04	32.73
C) GROSS PROFIT (A-B)	9.37	9.66	9.91	10.37	10.02
	29%	27%	26%	24%	23%
D) Bank Interest (Term Loan)	0.43	0.52	0.37	0.23	0.09
Bank Interest (C.C. Limit)	0.32	0.32	0.32	0.32	0.32
E) Salary to Staff	2.24	2.47	2.72	2.99	3.29
F) Selling & Adm Expenses Exp.	0.64	0.72	0.76	0.85	0.85
TOTAL (D+E)	3.63	4.02	4.17	4.39	4.55
H) NET PROFIT	5.73	5.64	5.74	5.98	5.47
I) Taxation	-	0.56	1.15	1.20	1.09
J) PROFIT (After Tax)	5.73	5.08	4.59	4.79	4.38

COMPUTATION OF MANUFACTURING OF JUTE BAGS (PRINTED AND DECORATED)

Items to be Manufactured

JUTE BAGS (PRINTED AND DECORATED)

Manufacturing Capacity per day	-	333	Bags
No. of Working Hour		8	
No of Shift per day		1	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		1,00,000.00	Bags
Year		Capacity	Curled Rope MT
		Utilisation	
IST YEAR		75%	75,000
IIND YEAR		80%	80,000
IIIRD YEAR		85%	85,000
IVTH YEAR		90%	90,000
VTH YEAR		95%	95,000

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Recovery	Unit Rate of of Bag RM	Total Cost Per Annum (100%)
Raw Material	100%	1,00,000.00	100%	15.00
			Total (Rounded off in lacs)	15.00
Annual Consumption cost	(In Lacs)			15.00

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	75%	11.25
IIND YEAR	80%	12.00
IIIRD YEAR	85%	12.75
IVTH YEAR	90%	13.50
VTH YEAR	95%	14.25

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	3,750	4,000	4,250	15
Production	75,000	80,000	85,000	90,000	95,000
	75,000	83,750	89,000	94,250	95,015
Less : Closing Stock	3,750	4,000	4,250	15	17
Net Sale	71,250	79,750	84,750	94,235	94,998
Sale Price per MT	45.00	45.00	45.00	45.00	45.00
Sale (in Lacs)	32.06	35.89	38.14	42.41	42.75

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Finished Goods					
(15 Days requirement)	1.35	1.44	1.53	0.01	0.01
Raw Material					
(15 Days requirement)	0.56	0.60	0.64	0.68	0.71
Closing Stock	1.91	2.04	2.17	0.68	0.72

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			1.91
Sundry Debtors			2.24
		Total	4.16
Sundry Creditors			0.56
Working Capital Requirement			3.59
Margin			0.38
Working Capital Finance			3.21

Raw Material at 75% capacity			PM	PA
Items	Total	Rate	Total (Rs.)	Total (Rs.)
Dye Stuff	15 kg.	550	8250	99,000.00
Printing Gum	15 kg.	50	750	9,000.00
Chemicals & Auxiliaries	L.S.		2800	33,600.00
Jute Fabric	7425 Mtrs.	10	74250	8,91,000.00
PVC Buckle or Bamboo	11800 pcs.	1.5	17700	2,12,400.00
Sticks				-
Sewing Thread	L.S.		2200	26,400.00
Packing Materials, Needle,	L.S.		2200	26,400.00
Label etc.				-
TOTAL (Incl. tax)			108150	12,97,800.00

Raw Material at 100% capacity				17,30,400.00
Unit Rate				17.30

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required			5	
Load Factor			0.7460	
Electricity Charges		per unit	8.00	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				71,616.00
Add : Minimim Charges (@ 10%)				
(B) D.G. SET				
No. of Working Days			300	days
No of Working Hours			-	Hour per day
Total no of Hour			-	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			-	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			-	
Add : Lube Cost @15%			-	
Total			-	
Total cost of Power & Fuel at 100%				0.72
Year		Capacity		Amount
				(in Lacs)
IST YEAR		75%		0.54
IIND YEAR		80%		0.57
IIIRD YEAR		85%		0.61
IVTH YEAR		90%		0.64
VTH YEAR		95%		0.68

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Stitching machine operator		7,500.00	6	45,000.00
Master Cutter		7,500.00	1	7,500.00
Skilled printer		5,000.00	3	15,000.00
Unskilled Worker		4,000.00	4	16,000.00
				83,500.00
Add: 10% Fringe Benefit				8,350.00
Total Labour Cost Per Month				91,850.00
Total Labour Cost for the year (In Rs. Lakhs)				11.02

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Supervisor		10,000.00	1	10,000.00
Sales Man		7,000.00	1	7,000.00
Total Salary Per Month				17,000.00
Add: 10% Fringe Benefit				1,700.00
Total Salary for the month				18,700.00
Total Salary for the year (In Rs. Lakhs)				2.24

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	4.00	1.20	0.30	5.50
	-	4.00	1.20	0.30	5.50
Less : Depreciation	-	0.40	0.18	0.02	0.59
WDV at end of Ist year	-	3.60	1.02	0.29	4.90
Additions During The Year	-	-	-	-	-
	-	3.60	1.02	0.29	4.90
Less : Depreciation	-	0.36	0.15	0.03	0.54
WDV at end of IIInd Year	-	3.24	0.86	0.26	4.36
Additions During The Year	-	-	-	-	-
	-	3.24	0.86	0.26	4.36
Less : Depreciation	-	0.32	0.13	0.03	0.48
WDV at end of IIIrd year	-	2.92	0.73	0.23	3.88
Additions During The Year	-	-	-	-	-
	-	2.92	0.73	0.23	3.88
Less : Depreciation	-	0.29	0.11	0.02	0.42
WDV at end of IV year	-	2.62	0.62	0.21	3.46
Additions During The Year	-	-	-	-	-
	-	2.62	0.62	0.21	3.46
Less : Depreciation	-	0.26	0.09	0.02	0.38
WDV at end of Vth year	-	2.36	0.53	0.19	3.08

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	4.95	4.95	-	-	4.95
	IInd Quarter	4.95	-	4.95	0.14	-	4.95
	IIIrd Quarter	4.95	-	4.95	0.14	-	4.95
	Ivth Quarter	4.95	-	4.95	0.14	-	4.95
					0.43	-	
IIIND YEAR	Opening Balance						
	Ist Quarter	4.95	-	4.95	0.14	0.31	4.64
	IInd Quarter	4.64	-	4.64	0.13	0.31	4.33
	IIIrd Quarter	4.33	-	4.33	0.12	0.31	4.02
	Ivth Quarter	4.02	-	4.02	0.12	0.31	3.71
					0.52	1.24	
IIIRD YEAR	Opening Balance						
	Ist Quarter	3.71	-	3.71	0.11	0.31	3.40
	IInd Quarter	3.40	-	3.40	0.10	0.31	3.09
	IIIrd Quarter	3.09	-	3.09	0.09	0.31	2.78
	Ivth Quarter	2.78	-	2.78	0.08	0.31	2.47
					0.37	1.24	
IVTH YEAR	Opening Balance						
	Ist Quarter	2.47	-	2.47	0.07	0.31	2.16
	IInd Quarter	2.16	-	2.16	0.06	0.31	1.85
	IIIrd Quarter	1.85	-	1.85	0.05	0.31	1.55
	Ivth Quarter	1.55	-	1.55	0.04	0.31	1.24
					0.23	1.24	
VTH YEAR	Opening Balance						
	Ist Quarter	1.24	-	1.24	0.04	0.31	0.93
	IInd Quarter	0.93	-	0.93	0.03	0.31	0.62
	IIIrd Quarter	0.62	-	0.62	0.02	0.31	0.31
	Ivth Quarter	0.31	-	0.31	0.01	0.31	0.00
					0.09	1.24	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	6.33	5.62	5.07	5.21	4.75
Interest on Term Loan	0.43	0.52	0.37	0.23	0.09
Total	6.76	6.13	5.44	5.44	4.84
<u>REPAYMENT</u>					
Instalment of Term Loan	1.24	1.24	1.24	1.24	1.24
Interest on Term Loan	0.43	0.52	0.37	0.23	0.09
Total	1.66	1.75	1.61	1.47	1.33
DEBT SERVICE COVERAGE RATIO	4.06	3.50	3.38	3.70	3.65
AVERAGE D.S.C.R.			3.66		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	32.06	35.89	38.14	42.41	42.75
Less : Op. WIP Goods	-	1.35	1.44	1.53	0.01
Add : Cl. WIP Goods	1.35	1.44	1.53	0.01	0.01
Total Sales	33.41	35.98	38.23	40.88	42.75
Variable & Semi Variable Exp.					
Raw Material & Tax	11.25	12.00	12.75	13.50	14.25
Electricity Exp/Coal Consumption at 85%	0.46	0.49	0.52	0.55	0.58
Manufacturing Expenses 80%	0.51	0.86	0.92	1.02	1.03
Wages & Salary at 60%	7.96	8.76	9.63	10.59	11.65
Selling & administrative Expenses 80%	0.51	0.57	0.61	0.68	0.68
Intt. On Working Capital Loan	0.32	0.32	0.32	0.32	0.32
Total Variable & Semi Variable Exp	21.01	23.00	24.75	26.66	28.51
Contribution	12.40	12.98	13.48	14.22	14.24
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.13	0.22	0.23	0.25	0.26
Electricity Exp/Coal Consumption at 15%	0.08	0.09	0.09	0.10	0.10
Wages & Salary at 40%	5.31	5.84	6.42	7.06	7.77
Interest on Term Loan	0.43	0.52	0.37	0.23	0.09
Depreciation	0.59	0.54	0.48	0.42	0.38
Selling & administrative Expenses 20%	0.13	0.14	0.15	0.17	0.17
Total Fixed Expenses	6.66	7.34	7.75	8.24	8.76
Capacity Utilization	75%	80%	85%	90%	95%
OPERATING PROFIT	5.73	5.64	5.74	5.98	5.47
BREAK EVEN POINT	40%	45%	49%	52%	58%
BREAK EVEN SALES	17.96	20.34	21.96	23.69	26.32

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