PROJECT REPORT

Of

PP WOVEN BAGS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding PP Woven 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.]



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PP WOVEN BAG



Introduction

Woven fabric is a textile formed by weaving. It is produced on a loom, and made of many threads woven on a warp and a weft. Woven polypropylene or simply woven PP bags are considered to be the toughest packaging bags, widely used to pack materials for grain, milling and sugar industry.

PP oriented strips are becoming increasingly popular in India & have caught the eye of many end users for their requirement of packing materials. They have become popular on account of their inertness towards chemical, moisture & excellent resistance towards rotting & fungus attack. They are non-toxic. Lighter in weight & have more advantages than conventional bags.

Product Application and uses

HDPE/PP Woven bags ideally suitable for Building Materials, Cement, fertilizers, Urea, Potash, plastic, polymers, plastic pellets, etc.

Food grains: Rice, Wheat, Pulses, Tea, Coffee, Beans, Peanuts, Sand, Sugar.

Chemicals: Pigments, Dyestuffts, oxides, barytes, alumina, hydrates, ores, gypsum, feldspar, mica, Lime, limestone, Woven Packaging Fabrics, Woven bags and fabrics are often used as an industrial

packaging material. The packaging bags and fabrics are available mostly in HDPE (High Density Polythene) and PP (Polypropylene).

Depending on end use these are either laminated, or supplied without lamination. These materials are valuable for applications in many different industries. Any entrepreneur venture into this field will be successful.

Benefits of PP Woven Bag

Some of the strong features of PP bags/Sheets are noted here:

- Protects Products or commodities, ensuring safe storage
- Extends the shelf Life
- Prevents spoilage
- Eco-friendly and pocket-friendly
- 100% reusable and durable
- Light in weight and flexible
- Excellent resistance to stress and high resistant to cracking
- Humidity and Dust proof
- Easy to clean and anti-bacterial
- Breathable or water proof with a laminated film
- Can be colored or printed
- Can be stored in an open area.

PP Woven Bag Market Analysis

At present there is underutilization of existing capacity due to marketing problems after introducing of Jute packaging Mandatory Order 1986. The demand for woven sacks is sluggish for a variety of reasons. A few years back Flat looms were used for the manufacture of woven sacks. Now it has been manufactured on circular looms, which have high productivity. This helped in minimizing the cost of production; however due to high cost of jute bags & also due to resistance to chemicals.

Moisture etc. most of industry prefer HDPE/PP woven sacks for packaging.

The polypropylene woven bags and sacks market to record a moderate 4.0% volume CAGR through the period of forecast, 2018 to 2028.

Description of Machinery & Equipment

Following machineries are required for PP Woven Bag manufacturing process:

- 3 colour woven bag flexo printer: 6 colour woven bag printer can be taken instead of 3 colour flexo printer (at larger scale).
- PP woven bag cutting machine
- Manual stitching machine

Manufacturing Process

- 1. First you need to fix pp role in printing machine, for the printing of company name logo, manufacturing date etc.
- For print you need to add different types of flexo ink, then need to add stereo (which is a rubber plate) which is used to print companies profile on bags.
- 3. Then you need cutting machine to cut this pp role according to the required size.
- 4. After cutting bags transfer to stitching section to stitch bags with the help of stitching machine.
- 5. Final checking of product.
- 6. Then bags are ready and can be transfer to the packaging section.

Land & Building required:

Land required 4,000-5,000 square feet

Approximate rent for the same is Rs. 50,000 - 60,000 per month.

Machinery & Equipment's required:

Name	Cost (Rs.)	
3 colour woven Bag flexo printer	11,00,000	
PP woven Bag cutting machine	1	10,50,000
Sewing machine (cost 18,000)	5	90,000
Sub - Total	22,40,000	
GST @ 18%	4,03,200	
Total Machine Price	26,43,200	

- Cost of the machine is other than transportation cost.
- **❖ 6 colour woven bag flexo printer average cost:** Rs. 19,50,000

Raw Material Requirement

Following raw material is required as the major raw material for the PP woven Bag.

S.N.	Description	Amount
1	PP Role	Rs. 85-110 Per KG
2	Printing Ink	Rs. 185 Per KG
3	Yarn (thread)	Rs. 110 Per KG

Production of Products

This project is based upon a sample product of PP Woven Bag.

Assuming the raw material cost per KG is Rs. 100-110 and selling price of the product is Rs. 130-150 per KG.

One KG consists approx. 40 Pieces of PP woven Bag.

Labour & Skill Requirement:

8-9 Manpower are required for the PP woven Bag manufacturing process.

Includes:

- 5 Skilled Labour
- 2 Unskilled Labour
- 2 Helper

PP woven Bag license & registration

For Proprietor:

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- Fire/ pollution NOC as required.
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1
2	Procurement & installation of Plant & Machinery	1
4	Arrangement of Finance	1-2

5	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	2-3 Months

Conclusion:

After completion of manufacturing process, product is ready to sell in the market. PP woven Bags are used for daily routine activities. These bags are used by various industries for packaging of their products & one can earn a good Margin of profit by doing this business.

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 25 lakh and Working Capital limit of Rs. 20 Lacs

(in Lacs)

COST OF PROJECT	
	-

PARTICULARS	AMOUNT	Own Contribution	Bank Finance
		10.00%	90.00%
Plant & Machinery	26.43	2.64	23.79
Furniture & Fixtures	1.35	0.14	1.22
Working capital	22.22	2.22	20.00
Total	50.00	5.00	45.00

MEANS OF FINANCE

Ξ	PARTICULARS	AMOUNT
	Own Contribution	5.00
	Bank Loan	25.00
	Working capital Limit	20.00
	Total	50.00

COMPUTATION OF PRODUCTION OF PP WOVEN BAG									
Items to be Manufactured									
PP Woven Bag									
Total woven Bag Production a day	40000	Piece							
1 Kg consists	40	Bag							
Machine capacity per Day	1,000	KG							
machine capacity per annum	300,000	KG							
wastage	5%	of input							
Final Output	285,000	KG							

Production of PP Woven Bag		
Production	Capacity	KG
1st year	50%	142,500
2nd year	55%	156,750
3rd year	60%	171,000
4th year	65%	185,250
5th year	70%	199,500

Raw Material Cost			
Year	Capacity	Rate	Amount
	Utilisation	(per KG)	(Rs. in lacs)
1st year	50%	100.00	150.00
2nd year	55%	103.00	169.95
3rd year	60%	106.09	190.96
4th year	65%	109.27	213.08
5th year	70%	112.55	236.36

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Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	11,875	13,063	14,250	15,438
Production	142,500	156,750	171,000	185,250	199,500
Less : Closing Stock	11,875	13,063	14,250	15,438	16,625
Net Sale	130,625	155,563	169,813	184,063	198,313
sale price per KG	135.00	139.05	143.22	147.52	151.94
Sales (in Lacs)	176.34	216.31	243.21	271.53	301.32

Utility Charges at 100% capacity (per mon	th)	
Particulars	value	Description
Power connection required	25	KWH
consumption per day	200	Units
Consumption per month	5,000	Units
Rate per Unit	7	Rs.
power Bill per month	35,000	Rs.

BREAK UP OF LABOUR CHARGES			
Particulars	Wages	No of	Total
	Rs. per Month	Employees	Salary
Skilled (in thousand rupees)	10,000	5	50,000
Unskilled (in thousand rupees)	7,000	2	14,000
Total salary per month			64,000
Total annual labour charges	(in lacs)		7.68

BREAK UP OF STAFF CHARGES			
Particulars	Salary	No of	Total
	Rs. per Month	Employees	Salary
Helper	6,000	2	12,000
Total salary per month			12,000
Total annual Staff charges	(in lacs)		1.44

PROJECTED PROFITABILITY STATEM	<u>MENT</u>				(in Lacs)		
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year		
Capacity Utilisation %	50%	55%	60%	65%	70%		
<u>SALES</u>							
Gross Sale							
PP Woven Bag	176.34	216.31	243.21	271.53	301.32		
Fotal	176.34	216.31	243.21	271.53	301.32		
COST OF SALES							
Raw Material Consumed	150.00	169.95	190.96	213.08	236.36		
Electricity Expenses	2.10	2.31	2.52	2.73	2.94		
Depreciation	4.10	3.49	2.97	2.53	2.16		
Labour	7.68	8.06	8.47	8.89	9.34		
Repair & maintenance	3.53	4.33	4.86	5.43	6.03		
Consumables	5.29	6.49	7.30	8.15	9.04		
Packaging Charges	1.59	1.95	2.19	2.44	2.71		
Cost of Production	174.28	196.58	219.27	243.26	268.57		
Add: Opening Stock /WIP	-	14.52	16.38	18.27	20.27		
Less: Closing Stock /WIP	14.52	16.38	18.27	20.27	22.38		
Cost of Sales	159.76	194.72	217.38	241.26	266.46		
GROSS PROFIT	16.58	21.59	25.83	30.27	34.86		
nterest on Term Loan	2.23	1.97	1.41	0.86	0.30		
nterest on working Capital	2.00	2.00	2.00	2.00	2.00		

Rent	6.00	6.60	7.26	7.99	8.78
selling & adm exp	1.98	2.70	3.19	3.70	4.23
TOTAL	12.22	13.27	13.86	14.54	15.32
NET PROFIT	4.37	8.32	11.97	15.73	19.55
Taxation		0.68	1.65	2.83	4.02
PROFIT (After Tax)	4.37	7.63	10.31	12.90	15.53

PROJECTED BALANCE SHEET					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		6.37	10.00	15.31	21.71
Add:- Own Capital	5.00				
Add:- Retained Profit	4.37	7.63	10.31	12.90	15.53
Less:- Drawings	3.00	4.00	5.00	6.50	8.50
Closing Balance	6.37	10.00	15.31	21.71	28.74
Term Loan	22.23	16.67	11.11	5.56	-
Working Capital Limit	20.00	20.00	20.00	20.00	20.00
Sundry Creditors	14.50	17.00	19.10	21.31	23.64
Provisions & Other Liab	0.40	0.60	0.90	1.08	1.35
TOTAL:	63.49	64.26	66.42	69.66	73.73
<u>Assets</u>					
Fixed Assets (Gross)	27.78	27.78	27.78	27.78	27.78
Gross Dep.	4.10	7.59	10.57	13.10	15.26
Net Fixed Assets	23.68	20.19	17.22	14.68	12.53
Current Assets					
Sundry Debtors	14.70	18.03	20.27	22.63	25.11
Stock in Hand	22.02	24.88	27.82	30.93	34.20
Cash and Bank	3.09	1.17	1.12	1.42	1.89
TOTAL:	63.49	64.26	66.42	69.66	73.73

PROJECTED CASH FLOW STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
SOURCES OF FUND					
Own Margin	5.00				
Net Profit	4.37	8.32	11.97	15.73	19.55
Depreciation & Exp. W/off	4.10	3.49	2.97	2.53	2.16
Increase in Cash Credit	20.00	-	-	-	-
Increase In Term Loan	25.00	-	-	-	-
Increase in Creditors	14.50	2.50	2.10	2.21	2.33
Increase in Provisions & Oth lib	0.40	0.20	0.30	0.18	0.27
TOTAL :	73.37	14.50	17.34	20.65	24.30
APPLICATION OF FUND					
Increase in Fixed Assets	27.78				
Increase in Stock	22.02	2.86	2.94	3.10	3.27
Increase in Debtors	14.70	3.33	2.24	2.36	2.48
Repayment of Term Loan	2.78	5.56	5.56	5.56	5.56
Drawings	3.00	4.00	5.00	6.50	8.50
Taxation	-	0.68	1.65	2.83	4.02
TOTAL:	70.28	16.43	17.39	20.35	23.83
Opening Cash & Bank Balance	-	3.09	1.17	1.12	1.42
Add : Surplus	3.09	(1.92)	(0.05)	0.31	0.47
Closing Cash & Bank Balance	3.09	1.17	1.12	1.42	1.89

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Finished Goods			<u> </u>	<u> </u>	<u> </u>
	14.52	16.38	18.27	20.27	22.38
Raw Material					
	7.50	8.50	9.55	10.65	11.82
Closing Stock	22.02	24.88	27.82	30.93	34.20

TRADITIONAL METHOD		(in Lacs)	
Particulars	Amount	Own Margin	Bank Fi	nance
Finished Goods & Raw Material	22.02			
Less : Creditors	14.50			
Paid stock	7.52	10% 0.75	90%	6.77
Sundry Debtors	14.70	10% 1.47	90%	13.23
	22.22	2.22		20.00
WORKING CAPITAL LIMIT DEMAND (from Bank)			20.00	

COMPUTATION OF DEPRECIATION

(in Lacs)

Description	Plant & Machinery	Furniture	TOTAL	
Rate of Depreciation	15.00%	10.00%		
Opening Balance	-	-	-	
Addition	26.43	1.35	27.78	
Total	26.43	1.35	27.78	
Less : Depreciation	3.96	0.14	4.10	
WDV at end of Year	22.47	22.47 1.22		
Additions During The Year	-	-	-	
Total	22.47	1.22	23.68	
Less : Depreciation	3.37	0.12	3.49	
WDV at end of Year	19.10	1.09		
Additions During The Year	-	-	-	
Total	19.10	19.10 1.09		
Less : Depreciation	2.86	0.11	2.97	
WDV at end of Year	16.23	0.98	17.22	
Additions During The Year	-	-	-	
Total	16.23	0.98	17.22	
Less : Depreciation	2.43	0.10	2.53	
WDV at end of Year	13.80	0.89	14.68	
Additions During The Year	-	-	-	
Total	13.80	0.89	14.68	
Less : Depreciation	2.07	0.09	2.16	
WDV at end of Year	11.73	0.80	12.53	
Additions During The Year	-	-	-	

Less : Depreciation	1.27	0.06	1.34
WDV at end of Year	8.47	0.65	9.12
Less : Depreciation	1.50	0.07	1.57
WDV at end of Year	9.97	0.72	10.69
Less : Depreciation	1.76	0.08	1.84
Total	11.73	0.80	12.53

CALCULATION OF D.S.C.R					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	8.46	11.13	13.29	15.43	17.69
Interest on Term Loan	2.23	1.97	1.41	0.86	0.30
Total	10.70	13.09	14.70	16.29	17.99
REPAYMENT					
Instalment of Term Loan	2.78	5.56	5.56	5.56	5.56
Interest on Term Loan	2.23	1.97	1.41	0.86	0.30
Total	5.01	7.52	6.97	6.41	5.86
DEBT SERVICE COVERAGE RATIO	2.13	1.74	2.11	2.54	3.07
AVERAGE D.S.C.R.			2.32		

		REPAYMENT SO	CHEDULE O	F TERM	LOAN		
						Interest	10.00%
							Closing
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Balance
ist	Opening Balance						
	4		25.00	25.00			25.00
	1st month	-	25.00	25.00	-	-	25.00
	2nd month	25.00	=	25.00	0.21	-	25.00
	3rd month	25.00	-	25.00	0.21	-	25.00
	4th month	25.00	-	25.00	0.21		25.00
	5th month	25.00	-	25.00	0.21		25.00
	6th month	25.00	-	25.00	0.21		25.00
	7th month	25.00	-	25.00	0.21	0.463	24.54
	8th month	24.54	-	24.54	0.20	0.463	24.08
	9th month	24.08	-	24.08	0.20	0.463	23.61
	10th month	23.61	-	23.61	0.20	0.463	23.15
	11th month	23.15	-	23.15	0.19	0.463	22.69
	12th month	22.69	-	22.69	0.19	0.463	22.23
					2.23	2.778	
2nd	Opening Balance						
		22.22			0.10	0.460	24.76
	1st month	22.23	-	22.23	0.19	0.463	21.76
	2nd month	21.76	-	21.76	0.18	0.463	21.30
	3rd month	21.30	-	21.30	0.18	0.463	20.84
	4th month	20.84	-	20.84	0.17	0.463	20.37
	5th month	20.37	-	20.37	0.17	0.463	19.91
	6th month	19.91	-	19.91	0.17	0.463	19.45
	7th month	19.45	-	19.45	0.16	0.463	18.98
	8th month	18.98	-	18.98	0.16	0.463	18.52
	9th month	18.52	-	18.52	0.15	0.463	18.06
	10th month	18.06	-	18.06	0.15	0.463	17.60
	11th month	17.60	-	17.60	0.15	0.463	17.13
	12th month	17.13	-	17.13	0.14	0.463	16.67
					1.97	5.556	
3rd	Opening Balance						
	1st month	16.67	-	16.67	0.14	0.463	16.21
	2nd month	16.21	-	16.21	0.14	0.463	15.74
	3rd month	15.74	-	15.74	0.13	0.463	15.28
	4th month	15.28	-	15.28	0.13	0.463	14.82
	5th month	14.82	-	14.82	0.12	0.463	14.35
	6th month	14.35	-	14.35	0.12	0.463	13.89

	-	40.00		10.00	0.40	0.460	40.40
	7th month	13.89	-	13.89	0.12	0.463	13.43
	8th month	13.43	-	13.43	0.11	0.463	12.96
	9th month	12.96	-	12.96	0.11	0.463	12.50
	10th month	12.50	-	12.50	0.10	0.463	12.04
	11th month	12.04	-	12.04	0.10	0.463	11.58
	12th month	11.58	-	11.58	0.10	0.463	11.11
					1.41	5.556	
4th	Opening Balance						
	1st month	11.11	-	11.11	0.09	0.463	10.65
	2nd month	10.65	-	10.65	0.09	0.463	10.19
	3rd month	10.19	-	10.19	0.08	0.463	9.72
	4th month	9.72	-	9.72	0.08	0.463	9.26
	5th month	9.26	-	9.26	0.08	0.463	8.80
	6th month	8.80	-	8.80	0.07	0.463	8.33
	7th month	8.33	-	8.33	0.07	0.463	7.87
	8th month	7.87	-	7.87	0.07	0.463	7.41
	9th month	7.41	-	7.41	0.06	0.463	6.95
	10th month	6.95	-	6.95	0.06	0.463	6.48
	11th month	6.48	-	6.48	0.05	0.463	6.02
	12th month(Subsidy						
	adjusted)	6.02	-	6.02	0.05	0.463	5.56
					0.86	5.556	
5th	Opening Balance						
	1st month	5.56	-	5.56	0.05	0.463	5.09
	2nd month	5.09	-	5.09	0.04	0.463	4.63
	3rd month	4.63	-	4.63	0.04	0.463	4.17
	4th month	4.17	-	4.17	0.03	0.463	3.70
	5th month	3.70	-	3.70	0.03	0.463	3.24
	6th month	3.24	-	3.24	0.03	0.463	2.78
	7th month	2.78	-	2.78	0.02	0.463	2.32
	8th month	2.32	-	2.32	0.02	0.463	1.85
	9th month	1.85	-	1.85	0.02	0.463	1.39
	10th month	1.39	-	1.39	0.01	0.463	0.93
	11th month	0.93	-	0.93	0.01	0.463	0.46
	12th month	0.46	-	0.46	0.00	0.463	-
					0.30	5.56	
	10th month 11th month		1.39 0.93	1.39 - 0.93 -	1.39 - 1.39 0.93 - 0.93	1.39 - 1.39 0.01 0.93 - 0.93 0.01 0.46 - 0.46 0.00	1.39 - 1.39 0.01 0.463 0.93 - 0.93 0.01 0.463 0.46 - 0.46 0.00 0.463
	DOOR TO DOOR	60	MONTHS				
MORATORIUM PERIOD		6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				



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