

PROJECT REPORT

Of

PACKAGING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Packaging 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.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxx
Pin: xxxxxxx State: xxxxxxxxx
Mobile : xxxxxxx
- 5 Product and By Product : **PACKING POUCH**
- 6 Name of the project / business activity proposed : **PACKAGING UNIT**
- 7 Cost of Project : Rs.11.89 Lakhs
- 8 Means of Finance
Term Loan Rs.7.2 Lakhs
Own Capital Rs.1.19 Lakhs
Working Capital Rs.3.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.59
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 40%
- 13 Employment : 7 Persons
- 14 Power Requirement : 10.00 HP
- 15 Major Raw materials : Packaging Roll, Other consumables such as glue, transparent tape roll
- 16 Estimated Annual Sales Turnover (Max Capacity) : 76.69 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	2.00
Building / Shed 500 Sq ft	4.50
Plant & Machinery	1.50
Furniture & Fixtures	3.89
Working Capital	11.89
Total	11.89

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.19
Working Capital(Finance)	3.50
Term Loan	7.20
Total	11.89

PACKAGING UNIT

Introduction: Packaging Unit is a unit of measure that is used as packaging for a material. Wafer packaging paper is liquid resistant and offered in variety of patterns. These can be used for regular purpose and manufactured to meet the requirements of the clients. They are designed in various patterns and following the latest trends to satisfy the end user.

Uses: A packaging unit can contain the product itself, (for example, a packet) or hold other packaging units, (for example, a box containing bottles). You can print specific labels for a material for each packaging unit specified and enter the following information:

- Label size
- Generation variant
- Number of labels per packaging unit
- Validity area

Quality: Packing paper quality depends on the intended use. Packing paper is classified using the following quality features:

- Tensile strength
- Bursting strength
- Crease resistance
- Abrasion resistance
- Elasticity
- Stiffness
- Printability

Packaging unit Market Analysis: The growth in the packaging industry in India is mainly driven by the food and the pharmaceutical packaging sectors. The large and growing Indian middle class, along with the growth in organized retailing in the country are fueling growth in the packaging industry. Another factor, which has provided substantial stimulus to the packaging machinery industry is the rapid growth of exports, which requires superior packaging standards for the international market. With this the need for adopting better packaging methods, materials and machinery to ensure quality has become very important for Indian businesses. Consumer preference for the use of convenient packaging and packaged products in affordable quantities in laminates is also one of the main reasons that have contributed to the growth of flexible packaging in India.

Raw materials: Packaging roll is required as raw material for Wafer & Kurkure packet. Other consumables such as Glue, Transparent Tape roll can also be used.

Average raw material (cost per KG): Rs. 240-260

Machinery Requirements: Basic machines & equipments are as follows:

S No.	Machine	Unit	Price
1.	Fully Automatic single Head filling Machine with double vibrator and chute bagger	1	400000
2.	Other misc. equipments	Ls	50000
	Total Amount		450000

Manufacturing Process: The first step in pouch packaging is ordering or creating your pouches. Depending on what you're packing and what machine you're using, you may want to use anything from small, 2-inch pouches up to large, 250mm pouches. Pouch packaging provides a convenient, easy way to

carry a snack, or even consumer goods. The product takes up less space as it's used up, which helps maximize pantry or workshop space.

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 1000 to 1500Sqft. Civil work will cost Rs 2 Lac. (Approx.)

Power Requirement: The power consumption required to run all the machinery could be approximated as 10hp

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 7 including 1 Machine 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.
- NOC from State Pollution Control Board

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

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	1.19	-			
Reserve & Surplus	1.99	2.86	3.40	4.96	6.07
Depriciation & Exp. W/off	1.03	0.89	0.77	0.67	0.58
Increase In Cash Credit	3.50				
Increase In Term Loan	7.20	-	-	-	-
Increase in Creditors	1.78	0.18	0.18	0.18	0.19
TOTAL :	16.69	3.93	4.35	5.81	6.84
APPLICATION OF FUND					
Increase in Fixed Assets	8.00	-	-	-	-
Increase in Stock	3.33	0.38	0.40	0.41	0.42
Increase in Debtors	2.40	0.42	0.32	0.34	0.35
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Taxation	-	-	-	-	0.91
Drawings	1.00	1.50	2.00	3.00	3.50
TOTAL :	15.53	3.91	4.32	5.35	6.78
Opening Cash & Bank Balance	-	1.16	1.18	1.21	1.68
Add : Surplus	1.16	0.02	0.03	0.47	0.06
Closing Cash & Bank Balance	1.16	1.18	1.21	1.68	1.74

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	2.18	3.55	4.94	6.90
Add: Additions	1.19	-	-	-	-
Add: Net Profit	1.99	2.86	3.40	4.96	5.16
Less: Drawings	1.00	1.50	2.00	3.00	3.50
Closing Balance	2.18	3.55	4.94	6.90	8.57
CC Limit	3.50	3.50	3.50	3.50	3.50
Term Loan	6.40	4.80	3.20	1.60	-
Sundry Creditors	1.78	1.96	2.14	2.32	2.51
TOTAL :	13.87	13.81	13.79	14.33	14.58
APPLICATION OF FUND					
Fixed Assets (Gross)	8.00	8.00	8.00	8.00	8.00
Gross Dep.	1.03	1.91	2.68	3.35	3.94
Net Fixed Assets	6.98	6.09	5.32	4.65	4.06
Current Assets					
Sundry Debtors	2.40	2.82	3.15	3.48	3.83
Stock in Hand	3.33	3.72	4.11	4.52	4.94
Cash and Bank	1.16	1.18	1.21	1.68	1.74
TOTAL :	13.87	13.81	13.79	14.33	14.58

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	47.97	56.46	62.94	69.68	76.69
Total (A)	47.97	56.46	62.94	69.68	76.69
B) COST OF SALES					
Raw Material Consumed	35.64	39.20	42.82	46.49	50.22
Electricity Expenses	1.03	1.13	1.22	1.32	1.41
Repair & Maintenance	0.96	1.69	2.52	2.79	3.83
Labour & Wages	4.03	4.64	5.19	5.92	6.51
Depreciation	1.03	0.89	0.77	0.67	0.58
Cost of Production	42.69	47.55	52.53	57.19	62.56
Add: Opening Stock /WIP	-	2.15	2.41	2.69	2.97
Less: Closing Stock /WIP	2.15	2.41	2.69	2.97	3.27
Cost of Sales (B)	40.55	47.29	52.25	56.90	62.26
C) GROSS PROFIT (A-B)	7.42	9.18	10.69	12.78	14.43
	15.47%	16.25%	16.98%	18.34%	18.82%
D) Bank Interest (Term Loan)	0.78	0.64	0.46	0.29	0.11
ii) Interest On Working Capital	0.39	0.39	0.39	0.39	0.39
E) Salary to Staff	3.78	4.73	5.81	6.45	7.10
F) Selling & Adm Expenses Exp.	0.48	0.56	0.63	0.70	0.77
TOTAL (D+E)	5.43	6.31	7.29	7.82	8.36
H) NET PROFIT	1.99	2.86	3.40	4.96	6.07
	4.2%	5.1%	5.4%	7.1%	7.9%
I) Taxation	-	-	-	-	0.91
J) PROFIT (After Tax)	1.99	2.86	3.40	4.96	5.16

COMPUTATION OF MAKING OF WAFER PACKING POUCH			
Item to be Manufactured Water Packing pouch of 20-30 gram			
Manufacturing Capacity per day		90	Kg
1 Kg packet consists		250	pouch
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		27,000	Kg
Total Production per Annum		27,000	Kg
Year		Capacity	PACKING POUCH
		Utilisation	
I		55%	14,850.00
II		60%	16,200.00
III		65%	17,550.00
IV		70%	18,900.00
V		75%	20,250.00

Raw Material Consumed	Capacity	Rate	Amount (Rs.)
	Utilisation		
I	55%	240.00	35.64
II	60%	242.00	39.20
III	65%	244.00	42.82
IV	70%	246.00	46.49
V	75%	248.00	50.22

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	742.50	810.00	877.50	945.00
Production	14,850.00	16,200.00	17,550.00	18,900.00	20,250.00
	14,850.00	16,942.50	18,360.00	19,777.50	21,195.00
Less : Closing Stock(15 Days)	742.50	810.00	877.50	945.00	1,012.50
Net Sale	14,107.50	16,132.50	17,482.50	18,832.50	20,182.50
Sale Price per Kg	340.00	350.00	360.00	370.00	380.00
Sale (in Lacs)	47.97	56.46	62.94	69.68	76.69

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.15	2.41	2.69	2.97	3.27
Raw Material					
(10 Days requirement)	1.19	1.31	1.43	1.55	1.67
Closing Stock	3.33	3.72	4.11	4.52	4.94

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.33		
Less:			
Sundry Creditors	1.78		
Paid Stock	1.55	0.16	1.40
Sundry Debtors	2.40	0.24	2.16
Working Capital Requirement			3.56
Margin			0.40
MPBF			3.56
Working Capital Demand			3.50

BREAK UP OF LABOUR				
Particulars	Wages Per Month	No of Employees	Total Salary	
Plant Operator	10,000.00	1	10,000.00	
Unskilled Worker	8,000.00	1	8,000.00	
Helper	8,000.00	1	8,000.00	
Security Guard	6,000.00	1	6,000.00	
				32,000.00
Add: 5% Fringe Benefit				1,600.00
Total Labour Cost Per Month				33,600.00
Total Labour Cost for the year (In Rs. Lakhs)		4		4.03

BREAK UP OF SALARY				
Particulars	Salary Per Month	No of Employees	Total 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. Lakhs)		3		3.78

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	2.00	4.50	1.50	8.00
	-	2.00	4.50	1.50	8.00
		-	-	-	
TOTAL		2.00	4.50	1.50	8.00
Less : Depreciation	-	0.20	0.68	0.15	1.03
WDV at end of Ist year	-	1.80	3.83	1.35	6.98
Additions During The Year	-	-	-	-	-
	-	1.80	3.83	1.35	6.98
Less : Depreciation	-	0.18	0.57	0.14	0.89
WDV at end of IInd Year	-	1.62	3.25	1.22	6.09
Additions During The Year	-	-	-	-	-
	-	1.62	3.25	1.22	6.09
Less : Depreciation	-	0.16	0.49	0.12	0.77
WDV at end of IIIrd year	-	1.46	2.76	1.09	5.32
Additions During The Year	-	-	-	-	-
	-	1.46	2.76	1.09	5.32
Less : Depreciation	-	0.15	0.41	0.11	0.67
WDV at end of IV year	-	1.31	2.35	0.98	4.65
Additions During The Year	-	-	-	-	-
	-	1.31	2.35	0.98	4.65
Less : Depreciation	-	0.13	0.35	0.10	0.58
WDV at end of Vth year	-	1.18	2.00	0.89	4.06

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter		7.20	7.20	0.20	-	7.20
	IInd Quarter	7.20	-	7.20	0.20	-	7.20
	IIIrd Quarter	7.20	-	7.20	0.20	0.40	6.80
	Ivth Quarter	6.80	-	6.80	0.19	0.40	6.40
					0.78	0.80	
II	Opening Balance						
	Ist Quarter	6.40	-	6.40	0.18	0.40	6.00
	IInd Quarter	6.00	-	6.00	0.17	0.40	5.60
	IIIrd Quarter	5.60	-	5.60	0.15	0.40	5.20
	Ivth Quarter	5.20		5.20	0.14	0.40	4.80
					0.64	1.60	
III	Opening Balance						
	Ist Quarter	4.80	-	4.80	0.13	0.40	4.40
	IInd Quarter	4.40	-	4.40	0.12	0.40	4.00
	IIIrd Quarter	4.00	-	4.00	0.11	0.40	3.60
	Ivth Quarter	3.60		3.60	0.10	0.40	3.20
					0.46	1.60	
IV	Opening Balance						
	Ist Quarter	3.20	-	3.20	0.09	0.40	2.80
	IInd Quarter	2.80	-	2.80	0.08	0.40	2.40
	IIIrd Quarter	2.40	-	2.40	0.07	0.40	2.00
	Ivth Quarter	2.00		2.00	0.06	0.40	1.60
					0.29	1.60	
V	Opening Balance						
	Ist Quarter	1.60	-	1.60	0.04	0.40	1.20
	IInd Quarter	1.20	-	1.20	0.03	0.40	0.80
	IIIrd Quarter	0.80	-	0.80	0.02	0.40	0.40
	Ivth Quarter	0.40		0.40	0.01	0.40	-
					0.11	1.60	

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

CALCULATION OF D.S.C.R					
PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	3.02	3.75	4.17	5.63	5.74
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	3.80	4.39	4.63	5.92	5.85
REPAYMENT					
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	1.58	2.24	2.06	1.89	1.71
DEBT SERVICE COVERAGE RATIO	2.40	1.96	2.25	3.14	3.42
AVERAGE D.S.C.R.			2.59		

COMPUTATION OF ELECTRICITY			
(A) POWER CONNECTION			
Total Working Hour per day	Hours		8
Electric Load Required	HP		10
Load Factor			0.7460
Electricity Charges	per unit		7.50
Total Working Days			300
Electricity Charges			1,34,280.00
Add : Minimim Charges (@ 10%)			
(B) DG set			
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%			1.88
Year	Capacity		Amount
			(in Lacs)
I	55%		1.03
II	60%		1.13
III	65%		1.22
IV	70%		1.32
V	75%		1.41

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