

# PROJECT REPORT

Of

# RUBBER BAND

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Rubber Band**.

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 / Spouse Name : xxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx  
Pin: xxxxxx State: xxxxxxxx  
Mobile xxxxxx
- 5 Product and By Product : **RUBBER BAND**
- 6 Name of the project / business activity proposed : **RUBBER BAND UNIT**
- 7 Cost of Project : Rs.14.33 Lakhs
- 8 Means of Finance  
Term Loan Rs.9.9 Lakhs  
Own Capital Rs.1.43 Lakhs  
Working Capital Rs.3 Lakhs
- 9 Debt Service Coverage Ratio : 2.25
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 48%
- 13 Employment : 8 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Latex, Whitener,Chalk Powder, Titanium, Rubber chemicals, Packing material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 64.90 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

Particulars	(Rs. In Lakhs)	
	Amount	
Land		Own/Rented
Plant & Machinery		10.00
Furniture & Fixtures		1.00
Working Capital		3.33
<b>Total</b>		<b>14.33</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.43
Working Capital(Finance)	3.00
Term Loan	9.90
<b>Total</b>	<b>14.33</b>

# **RUBBER BAND**

**Introduction:** Although, a very common and known use of rubber bands are in women's hair dressing, none the less they are also used in sweet marts, banks, offices, general stores, departmental stores etc. for fastening purposes. These rubber bands are available in different sizes and colours. In rubber band manufacturing, there are innovations made to improve the processes. Rubber band is a mass production product and the company would want to increase the productivity in the manufacturing.



**Scope and Market Potential:** Rubber bands are one of the most convenient products of the twentieth century used by numerous individuals and industries for a wide variety of purposes. The largest consumer of the rubber bands in the world is USA. The news paper industry also uses massive quantities of rubber bands to keep the individual newspapers rolled or folded together before home delivery. This unit intends to make rubber bands to cater the industry needs in outside states and also got good expertise to produce and sell all products without delay.

**Raw material:** Major raw materials are as follows:

1. Latex
2. Whitener
3. Chalk Powder
4. Titanium
5. Rubber chemicals
6. Packing material

Average raw material cost per 1 kg packet will be Rs 75-90.

**Machinery Requirements:** Major machines & equipments are mentioned below:

1. Ball mill
2. PVC Pipe moulds
3. Automatic Dipping machine
4. SS Tank for Vulcanisation
5. Cutting machine
6. Polythene Packing machine
7. Other equipments & hand tools.

Machine cost for this whole set up will be Rs 10 Lac. Cost of machines varies according to the production capacity.

**Manufacturing Process:** Step by step process is mentioned below:

- Processing the natural latex
- Purification and making into slabs
- Squeezing the slabs to required size
- Mixing and milling
- Heating and squeezing
- Extrusion after heating

- Curing in mandrels
- Slicing to form rubber bands

**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 1200 to 1500Sqft.

**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**

<b>PROJECTED CASH FLOW STATEMENT</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	1.43	-			
Reserve & Surplus	2.11	3.19	4.13	5.58	6.48
Depriciation & Exp. W/off	1.60	1.37	1.16	0.99	0.85
Increase In Cash Credit	3.00				
Increase In Term Loan	9.90	-	-	-	-
Increase in Creditors	1.17	0.12	0.13	0.13	0.14
<b>TOTAL :</b>	<b>19.21</b>	<b>4.67</b>	<b>5.42</b>	<b>6.70</b>	<b>7.47</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	11.00	-	-	-	-
Increase in Stock	2.41	0.26	0.27	0.28	0.29
Increase in Debtors	2.83	0.42	0.34	0.36	0.37
Repayment of Term Loan	1.10	2.20	2.20	2.20	2.20
Taxation	-	-	-	0.56	0.65
Drawings	1.00	1.50	2.00	3.00	3.50
<b>TOTAL :</b>	<b>18.34</b>	<b>4.38</b>	<b>4.82</b>	<b>6.40</b>	<b>7.02</b>
Opening Cash & Bank Balance	-	0.87	1.16	1.77	2.07
Add : Surplus	0.87	0.29	0.60	0.30	0.45
Closing Cash & Bank Balance	<b>0.87</b>	<b>1.16</b>	<b>1.77</b>	<b>2.07</b>	<b>2.52</b>

<b>PROJECTED BALANCE SHEET</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>SOURCES OF FUND</b>					
<b>Capital Account</b>					
Opening Balance	-	2.54	4.23	6.36	8.38
Add: Additions	1.43	-	-	-	-
Add: Net Profit	2.11	3.19	4.13	5.02	5.83
Less: Drawings	1.00	1.50	2.00	3.00	3.50
<b>Closing Balance</b>	<b>2.54</b>	<b>4.23</b>	<b>6.36</b>	<b>8.38</b>	<b>10.71</b>
CC Limit	3.00	3.00	3.00	3.00	3.00
Term Loan	8.80	6.60	4.40	2.20	-
Sundry Creditors	1.17	1.29	1.42	1.55	1.68
<b>TOTAL :</b>	<b>15.51</b>	<b>15.12</b>	<b>15.18</b>	<b>15.13</b>	<b>15.40</b>
<b>APPLICATION OF FUND</b>					
<b>Fixed Assets ( Gross)</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>
Gross Dep.	1.60	2.97	4.13	5.12	5.97
Net Fixed Assets	9.40	8.04	6.87	5.88	5.03
<b>Current Assets</b>					
Sundry Debtors	2.83	3.25	3.59	3.95	4.33
Stock in Hand	2.41	2.67	2.95	3.23	3.53
Cash and Bank	0.87	1.16	1.77	2.07	2.52
<b>TOTAL :</b>	<b>15.51</b>	<b>15.12</b>	<b>15.18</b>	<b>15.13</b>	<b>15.40</b>

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<b>PROJECTED PROFITABILITY STATEMENT</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>A) SALES</b>					
Gross Sale	42.41	48.71	53.88	59.28	64.90
<b>Total (A)</b>	<b>42.41</b>	<b>48.71</b>	<b>53.88</b>	<b>59.28</b>	<b>64.90</b>
<b>B) COST OF SALES</b>					
Raw Material Consumed	23.40	25.83	28.35	30.96	33.66
Electricity Expenses	2.10	2.26	2.42	2.58	2.74
Repair & Maintenance	2.12	2.44	2.69	2.96	3.24
Labour & Wages	6.30	6.87	7.42	7.94	8.49
Depreciation	1.60	1.37	1.16	0.99	0.85
<b>Cost of Production</b>	<b>35.52</b>	<b>38.75</b>	<b>42.04</b>	<b>45.43</b>	<b>48.98</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.24</b>	<b>1.38</b>	<b>1.53</b>	<b>1.68</b>
<b>Less: Closing Stock /WIP</b>	<b>1.24</b>	<b>1.38</b>	<b>1.53</b>	<b>1.68</b>	<b>1.84</b>
Cost of Sales (B)	34.27	38.61	41.90	45.28	48.83
<b>C) GROSS PROFIT (A-B)</b>	<b>8.14</b>	<b>10.09</b>	<b>11.98</b>	<b>14.00</b>	<b>16.07</b>
	<b>19.19%</b>	<b>20.73%</b>	<b>22.24%</b>	<b>23.61%</b>	<b>24.77%</b>
D) Bank Interest (Term Loan )	1.07	0.88	0.64	0.39	0.15
ii) Interest On Working Capital	0.33	0.33	0.33	0.33	0.33
E) Salary to Staff	3.78	4.73	5.81	6.51	7.81
F) Selling & Adm Expenses Exp.	0.85	0.97	1.08	1.19	1.30
<b>TOTAL (D+E)</b>	<b>6.03</b>	<b>6.91</b>	<b>7.85</b>	<b>8.42</b>	<b>9.59</b>
H) NET PROFIT	2.11	3.19	4.13	5.58	6.48
	<b>5.0%</b>	<b>6.5%</b>	<b>7.7%</b>	<b>9.4%</b>	<b>10.0%</b>
I) Taxation	-	-	-	0.56	0.65
<b>J) PROFIT (After Tax)</b>	<b>2.11</b>	<b>3.19</b>	<b>4.13</b>	<b>5.02</b>	<b>5.83</b>

<b>COMPUTATION OF MAKING OF RUBBER BANDS</b>			
<b>Item to be Manufactured Rubber Bands</b>			
Manufacturing Capacity per day		150	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		45,000	Kg
Total Production per Annum		45,000	Kg
Year		Capacity	RUBBER BAND
		Utilisation	
I		65%	29,250.00
II		70%	31,500.00
III		75%	33,750.00
IV		80%	36,000.00
V		85%	38,250.00

Raw Material Consumed	Capacity	Rate per Kg	Amount (Rs.)
	Utilisation		
I	65%	80.00	23.40
II	70%	82.00	25.83
III	75%	84.00	28.35
IV	80%	86.00	30.96
V	85%	88.00	33.66

<b>COMPUTATION OF SALE</b>					
Particulars	I	II	III	IV	V
Op Stock	-	975.00	1,050.00	1,125.00	1,200.00
Production	29,250.00	31,500.00	33,750.00	36,000.00	38,250.00
	29,250.00	32,475.00	34,800.00	37,125.00	39,450.00
Less : Closing Stock(10 Days)	975.00	1,050.00	1,125.00	1,200.00	1,275.00
Net Sale	28,275.00	31,425.00	33,675.00	35,925.00	38,175.00
Sale Price per 1 Kg packet	150.00	155.00	160.00	165.00	170.00
<b>Sale (in Lacs)</b>	<b>42.41</b>	<b>48.71</b>	<b>53.88</b>	<b>59.28</b>	<b>64.90</b>

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					
PARTICULARS	I	II	III	IV	V
<b>Finished Goods</b>					
(15 Days requirement)	1.24	1.38	1.53	1.68	1.84
<b>Raw Material</b>					
(15 Days requirement)	1.17	1.29	1.42	1.55	1.68
<b>Closing Stock</b>	<b>2.41</b>	<b>2.67</b>	<b>2.95</b>	<b>3.23</b>	<b>3.53</b>

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</b>			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.41		
Less:			
Sundry Creditors	1.17		
<b>Paid Stock</b>	<b>1.24</b>	<b>0.12</b>	<b>1.12</b>
Sundry Debtors	2.83	0.28	2.54
<b>Working Capital Requirement</b>			<b>3.66</b>
<b>Margin</b>			0.41
<b>MPBF</b>			<b>3.66</b>
<b>Working Capital Demand</b>			<b>3.00</b>

<b><u>BREAK UP OF LABOUR</u></b>				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	14,000.00	1	14,000.00	
Plant Operator	12,000.00	1	12,000.00	
Unskilled Worker	10,000.00	1	10,000.00	
Helper	8,000.00	1	8,000.00	
Security Guard	6,000.00	1	6,000.00	
				50,000.00
Add: 5% Fringe Benefit				2,500.00
Total Labour Cost Per Month				52,500.00
Total Labour Cost for the year ( In Rs. Lakhs)		5		6.30

<b><u>BREAK UP OF SALARY</u></b>				
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

<b>COMPUTATION OF DEPRECIATION</b>				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	Leased	-	-	-
Addition	-	10.00	1.00	11.00
	-	10.00	1.00	11.00
		-	-	
<b>TOTAL</b>		10.00	1.00	11.00
Less : Depreciation	-	1.50	0.10	1.60
WDV at end of Ist year	-	8.50	0.90	9.40
Additions During The Year	-	-	-	-
	-	8.50	0.90	9.40
Less : Depreciation	-	1.28	0.09	1.37
WDV at end of IInd Year	-	7.23	0.81	8.04
Additions During The Year	-	-	-	-
	-	7.23	0.81	8.04
Less : Depreciation	-	1.08	0.08	1.16
WDV at end of IIIrd year	-	6.14	0.73	6.87
Additions During The Year	-	-	-	-
	-	6.14	0.73	6.87
Less : Depreciation	-	0.92	0.07	0.99
WDV at end of IV year	-	5.22	0.66	5.88
Additions During The Year	-	-	-	-
	-	5.22	0.66	5.88
Less : Depreciation	-	0.78	0.07	0.85
WDV at end of Vth year	-	4.44	0.59	5.03

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	9.90	9.90	0.27	-	9.90
	IInd Quarter	9.90	-	9.90	0.27	-	9.90
	IIIRD Quarter	9.90	-	9.90	0.27	0.55	9.35
	Ivth Quarter	9.35	-	9.35	0.26	0.55	8.80
					1.07	1.10	
<b>II</b>	Opening Balance						
	Ist Quarter	8.80	-	8.80	0.24	0.55	8.25
	IInd Quarter	8.25	-	8.25	0.23	0.55	7.70
	IIIRD Quarter	7.70	-	7.70	0.21	0.55	7.15
	Ivth Quarter	7.15		7.15	0.20	0.55	6.60
					0.88	2.20	
<b>III</b>	Opening Balance						
	Ist Quarter	6.60	-	6.60	0.18	0.55	6.05
	IInd Quarter	6.05	-	6.05	0.17	0.55	5.50
	IIIRD Quarter	5.50	-	5.50	0.15	0.55	4.95
	Ivth Quarter	4.95		4.95	0.14	0.55	4.40
					0.64	2.20	
<b>IV</b>	Opening Balance						
	Ist Quarter	4.40	-	4.40	0.12	0.55	3.85
	IInd Quarter	3.85	-	3.85	0.11	0.55	3.30
	IIIRD Quarter	3.30	-	3.30	0.09	0.55	2.75
	Ivth Quarter	2.75		2.75	0.08	0.55	2.20
					0.39	2.20	
<b>V</b>	Opening Balance						
	Ist Quarter	2.20	-	2.20	0.06	0.55	1.65
	IInd Quarter	1.65	-	1.65	0.05	0.55	1.10
	IIIRD Quarter	1.10	-	1.10	0.03	0.55	0.55
	Ivth Quarter	0.55		0.55	0.02	0.55	-
					0.15	2.20	

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

<b>CALCULATION OF D.S.C.R</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>CASH ACCRUALS</b>	3.71	4.55	5.29	6.02	6.68
Interest on Term Loan	1.07	0.88	0.64	0.39	0.15
Total	4.78	5.43	5.93	6.41	6.83
<b>REPAYMENT</b>					
Repayment of Term Loan	1.10	2.20	2.20	2.20	2.20
Interest on Term Loan	1.07	0.88	0.64	0.39	0.15
Total	2.17	3.08	2.84	2.59	2.35
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.20</b>	<b>1.76</b>	<b>2.09</b>	<b>2.47</b>	<b>2.91</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.25</b>		



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