## 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.]

## PROJECT AT A GLANCE

1 Name of the Entreprenuer
2 Constitution (legal Status)
3 Father / Spouse Name
4 Unit Address

5 Product and By Product

6 Name of the project / business activity proposed:

7 Cost of Projec
8 Means of Finance Term Loan
Own Capital
Working Capital
9 Debt Service Coverage Ratio
10 Pay Back Period
11 Project Implementation Period
12 Break Even Point
13 Employment
14 Power Requirement
15 Major Raw materials
16 Estimated Annual Sales Turnover (Max Capacity)
17 Detailed Cost of Project \& Means of Finance

COST OF PROJECT

| (Rs. In Lakhs) |  |
| :--- | ---: |
| 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 | $\mathbf{1 5 . 8 9}$ |

MEANS OF FINANCE

| Particulars | Amount |
| :--- | ---: |
| Own Contribution |  |
| Working Capital(Finance) | 1.59 |
| Term Loan | 3.50 |
| Total | 10.80 |

## PVC BAGS


#### Abstract

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 | $\mathbf{7 8 0 0 0 0}$ |

## Manufacturing Process:

- 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 No. | Particulars | Selling Price | Raw material cost |
| :--- | :--- | :--- | :--- |
| 1. | Transparent Open PVC Bag- <br> small size | 5 | 2.5 |
| 2. | Transparent Open PVC Bag- <br> 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) | $\mathbf{1 5}$ | $\mathbf{8}$ |

## 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 1200 Sqft. Civil work cost will be Rs 3 Lac (Approx.)

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

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 <br> concurrently) | $5-6$ Months |

PROJECTED CASH FLOW STATEMENT

|  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| PARTICULARS | I | II | III | IV | v |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| SOURCES OF FUND |  |  |  |  |  |
|  |  |  |  |  |  |
| 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 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| APPLICATION OF FUND |  |  |  |  |  |
|  |  |  |  |  |  |
| 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 |



PROIECTED PROFITABILITY STATEMENT

|  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| PARTICULARS | I | II | III | IV | V |
|  |  |  |  |  |  |
| A) SALES |  |  |  |  |  |
| 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 |
| Elecricity 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 ( $\mathrm{D}+\mathrm{E}$ ) | 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 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |


| COMPUTATION OF MAKING OF PVC BAGS |  |  |  |
| :---: | :---: | :---: | :---: |
| 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 |


| COMPUTATION OF SALE |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 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 |

## COMPUTATION OF CLOSING STOCK \& WORKING CAPITAL

|  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| PARTICULARS | I | II | III | IV | v |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Finished Goods |  |  |  |  |  |
| (15 Days requirement) | 1.72 | 2.00 | 2.30 | 2.61 | 2.95 |
| Raw Material |  |  |  |  |  |
| (10 Days requirement) | 0.60 | 0.70 | 0.81 | 0.93 | 1.05 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 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 | $\mathbf{1 . 4 2}$ | $\mathbf{0 . 1 4}$ | $\mathbf{1 . 2 8}$ |
|  |  |  |  |
| Sundry Debtors | 2.57 |  | 2.31 |
| Working Capital Requirement |  |  | 3.59 |
|  |  |  | 0.40 |
| Margin |  |  |  |
|  |  |  | 3.59 |
| MPBF |  |  | 3.50 |
| Working Capital Demand |  |  |  |


| BREAK UP OF LABOUR |  |  |  |  |
| :--- | :--- | :--- | :--- | ---: |
|  |  |  |  |  |
| 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 (In Rs. Lakhs) |  |  | 7.69 |  |


| BREAK UP OF SALARY |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: |
|  |  |  |  |  |
| 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 |
| 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) |  |  | 3.78 |  |



| REPAYMENT SCHEDULE OF TERM LOAN |  |  |  |  |  | 11.0\% |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year | Particulars | Amount | Addition | Total | Interest | Repayment | Cl 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 | 0.60 | 10.20 |
|  | Ivth Quarter | 10.20 | - | 10.20 | 0.28 | 0.60 | 9.60 |
|  |  |  |  |  | 1.17 | 1.20 |  |
| II | Opening Balance |  |  |  |  |  |  |
|  | Ist Quarter | 9.60 | - | 9.60 | 0.26 | 0.60 | 9.00 |
|  | Iind Quarter | 9.00 | - | 9.00 | 0.25 | 0.60 | 8.40 |
|  | IIIrd Quarter | 8.40 | - | 8.40 | 0.23 | 0.60 | 7.80 |
|  | Ivth Quarter | 7.80 |  | 7.80 | 0.21 | 0.60 | 7.20 |
|  |  |  |  |  | 0.96 | 2.40 |  |
| III | Opening Balance |  |  |  |  |  |  |
|  | Ist Quarter | 7.20 | - | 7.20 | 0.20 | 0.60 | 6.60 |
|  | Iind Quarter | 6.60 | - | 6.60 | 0.18 | 0.60 | 6.00 |
|  | IIIrd Quarter | 6.00 | - | 6.00 | 0.17 | 0.60 | 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 |


| CALCULATION OF D.S.C.R |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| PARTICULARS | I | II | III | IV | V |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| CASH ACCRUALS | 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 |
|  |  |  |  |  |  |
| REPAYMENT |  |  |  |  |  |
| 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 |  |  |


|  |  |  |  |
| :---: | :---: | :---: | :---: |
| COMPUTATION OF ELECTRICITY |  |  |  |
| (A) POWER CONNECTION |  |  |  |
|  |  |  |  |
| 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\%) |  |  |  |
|  |  |  |  |
|  |  |  |  |
| (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\% |  |  | 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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