

PROJECT PROFILE

- PRODUCT : Paper Carry Bags
(for Grocery & Karyana Shops)
- QUALITY STANDARDS : IS: 10106: Part 2: Sec 2:1983
- PRODUCTION CAPACITY : Quantity : 150 Metric Ton
Value : Rs. 45 Lakh
- MONTH AND YEAR : December, 2011
- Prepared by:-- : Mech. Division
MSME Development Institute,
SOLAN (HP)

PROJECT REPORT

(A) INTRODUCTION:

Plastic, although considered as one of the greatest inventions by virtue of its use in carrying things has become a major element in polluting the environment. It is almost impossible to destroy plastic bags. Plastic bags remain in the soil for centuries, defiling the soil, preventing it from replenishing its nutrients, and rendering to barren. This ultimately results in fertile land becoming barren and turning into desert. It is estimated that the life expectancy of plastic bags is around 250 years.

Paper bags on the other hand, come from wood, which comes from trees, which grow in the earth's soil. The trees needed to make **paper bags** are considered renewable resources. That means more trees can be planted to fulfill the gap of trees that are cut down to make paper and other products. Once paper is made, it can be recycled and used to create more paper goods. Bags made from paper are bio-degradable and hence highly environment friendly than plastic bags, which pose a threat to the environment.

Many State Governments have imposed or going to impose a ban on thin plastic carry bags and is likely to extend it to all the plastic carry bags, since they are bound to create health hazards. Eco-friendly paper carry bag is the only alternative. Since there is lot of demand, paper bag making will certainly be a provider of self-employment.

(B) MARKET POTENTIAL:

Due to the increasing awareness of the hazards of plastic bags to the environment among the public and the ban imposed on plastic bags throughout India and abroad by the governments, there is a great demand for eco-friendly paper bags.

The Eco-friendly Paper bag manufacturing industry is poised for a higher growth with a bright future.

(C) BASIS & PRESUMPTIONS:

Efficiency & working hours considered	8 hours shift working basis with 2 hours extra working (Overtime) daily, at 75 % efficiency capacity utilization plus 2 hrs. overtime. (25 working days a month)
Time period for achieving full/ envisaged capacity utilisation	Approx. 6 to 8 Months
Labour Wages rate	Un-skilled worker @ Rs. 110 /- per day, Skilled worker @ Rs 150 /- per day
Interest rates for fixed capital	11 %

Interest rates for working capital	11 %
Payback period for the project :	Around 5 years at 80 % capacity utilisation.
Land & construction cost OR rental value per month (Approximate details.)	Built-up Area consisting of 1 rooms – Construction Cost Rs. 900 per Sq. Ft. Approx.

(D) IMPLIMENTATION SCHEDULE:

TASK	MONTH					
	1.	2.	3.	4.	5.	6.
1. Preparation of Project Report/ Business Plan	X					
2. Filing of EM-I	X					
3. Selection of site	X					
4. Statutory clearances/ licenses	X	X				
5. Submission of Term/ Working capital loan applications		X				
6. Loan sanction		X	X			
7. Negotiations & securing possession of land	X	X				
8. Building construction	X	X	X			
9. Tie up for supply of utilities (power, water etc.)		X	X			
10. Placing orders for Machinery			X			
11. Receipt & Installation of Machinery			X	X		
12. Recruitment of key manpower/ labour			X	X		
13. Procurement of Raw materials & Trial production			X	X		
14. Commencement of commercial production & Filing of EM-II					X	

(E) TECHNICAL ASPECTS:

Manufacturing Process Out-line:-

Bag Formation: The required size of the bag is obtained by fixing the exact size plate for flat or satchel to the size plate holder on the machine and the length to the tube is obtained by changing the size gear wheel, each Tooth of which represents One Centimeter in length. The tube, after being cut by the beater into exact size as per the size gear, is carried forward by means of conveyor rollers to the delivery cylinder. The delivery cylinder at the bottom folds the bag. It is pasted and the bag is carried by the folding cylinder to the delivery table. The bag is then released and delivered in a vertical stack.

The width of the paper reel to be fed on the machine can be calculated as under.

Flat Bags: Twice the Bag Width Plus 2 CM for Centre Seam.

Satchel Bags: Twice the Bags Width Plus 4 Time Depth of the Gusset Plus 2 cm for Centre Seam.

Major Sizes of Paper Bags envisaged for production:

S No.	Size in Inches	Size in Cms	
1	4.25X 6	11X15	
2	5.25X7.5	13X19	
3	6.75X8.5	17X22	✓
4	8.25X10	21X25	✓
5	9.75X12.75	25X34	✓
6	10.5X16	25X34	

As per Market information Sizes 3, 4 & 5 are most frequent running sizes.

Production Capacity:

The machine has around 60000 to 70000 Nos. (depending upon size) of Bags making capacity per Sift of 8 Hrs.

Quality Standards: Quality as required by the customers is to be supplied, however BIS has formulated a standard as described below that can be used for guidance;

IS 10106 : Part 2 : Sec 2	1983	Packaging code: Part 2 Packaging materials Section 2 Paper and paper board
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(H) FINANCIAL ASPECTS:

I) FIXED CAPITAL:

1) Land & Building Requirement :

i) Land : 50 Sq. Yards @ Rs. 3000 per sq. yd.

= Rs. **1.50 Lakh**

ii) A covered area comprising of Work-shed of approx. size 14'X12' Lintel Roof @ approx. Rs. 900 per Sq. ft. construction cost:

≡ **Rs. 1.50 Lakh** (Rounded off)

2) Machinery & Equipment:

S No.	Description	Quantity	Amount (Rs. in Lakhs)	Remarks
A	Paper Bag Making Machine. Medium with gazetting facility, Bottom& Centre Pasting, with 3 set o size plates& gear; with 2 HP Electric Motor & Control Panel, complete in all respects. (Flat Bags Min. Size:10X18 Cms. Max. Size: 28X50 cms	01 No.	4.66250	Basic Price: 4.25 Lakhs ST/ VAT @5%: 0.2125 Packing LS: 0.1000 Freight : 0.1000 Total: 4.6625Lakhs
B	Electrification & Installation of Machines	@ 5% of the Basic M/c Price	0.21250	This includes Rs. 6000/- commissioning charges payable to manufacturer/ supplier of the M/c.
C	Tooling & Accessories & Hand Tools and Office Table & Chair	LS	0.07500	
D	Pre-Operative Expenses	LS	0.05000	Preparation of project report etc.
	SUM		5.00000	

	TOTAL (Fixed Investment including Land & bldg.)		8.0	
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II) WORKING CAPITAL:

i) Personnel (Salaries & Wages PM):

S No	Designation	Nos.	Salary/Wage (p.m.)	Total Amt. (Rs.)
1	Manager	01 (Self)	10000/-	10000
2	Skilled worker (Operator)	01	5000/-	5000
3	Semi-Skilled worker	01	4000/-	4000
4	Unskilled worker (Helper)	01	3500/-	3500

5	Sweeper	(Part Time)	500/-	500
			Sum	23000
			Benefits @ 10 % of salaries (Approx.)	2300
			Total	25300
			Over Time	3000
			Say	28300

ii) Raw Materials & Direct Consumables (per month):-

S. No.	Description	Qty Units	Rate (including freight) Rs.	Amount Rs. In Lakhs
1.	Recycled Kraft Paper of 60 GSM & 40 GSM Assorted sizes(Width)	12.5 MT	22000/-	2.75000
2.	Glue suitable for Kraft Paper envelops	250 Kg	15/-	0.03750
	TOTAL			2.78750
	Say			2.79000

ii) Utilities (Per Month):-

S No	Description	Qty.	Rate (Rs.)	Amt. (Rs.)
1.	Power	3.0 KWH	4/-	3600
2.	Water	-	LS	400
			Total	4000

iv) Other Contingent Expenses (Per Month) :-

S No	Description	Amt. (Rs.)
	Postage & stationery	1000
	Telephone expenses	1000
	Consumable like floor Cleaners, Disinfectants etc.	500
	Repairs & Maintenance expenses	1000
	Transportation & Cartage expenses	2000
	Advertisement, Publicity & Travelling & Sales expenses	2000
	Insurance	500
	Misc.	1000
	Total	9000

v) Total Recurring Expenses (per month)= 0.283+ 2.79+ 0.040+ 0.090 = Rs. 3.203 Lakh

vi) Working Capital Requirement for 3 months : Rs. 9.609; Say= 9.61 Lakh

(III) TOTAL CAPITAL INVESTMENT:

i) Fixed capital : 8.00

ii) Working capital

9.61
Total :- Rs. 17.61

(H) FINANCIAL ANALYSIS:

1. Cost of production (per year)

S No	Description	Rate %	Amt. (Rs. in Lakhs)
1.	Total Recurring Cost	-	38.440
2.	Depreciation on production equipment (including electrification)	@ 10 %	0.440
3.	Dep. on Tooling & Accessories and Hand Tools including Office Furniture	@ 25 %	0.020
4.	Dep. on Building @ 5%	@ 5 %	0.075
5.	Interest on Fixed investment & Working Capital	@ 11 %	1.940
		Total	40.915
		Say=	40.920

2. Turn-over /Sale (per annum)

S. No.	Item	Qty Nos.	Rate Rs.	Amount Rs. (in Lakhs)	Remarks
1.	Recycled Paper Carry Bags (Lifafas) of assorted sizes	150 MT	30000	45.00	Weight of glue has been adjusted against wastage & rejection
TOTAL				45.00	

3. Net Profit per year (H.2-H.1) = 45.00-40.92 = 4.08 Lakh
(before Income Tax)

4. Net Profit Ratio :- $\frac{\text{Net Profit Per Year} \times 100}{\text{Turn-over per year}} = \frac{4.08}{45.0} = 9.06 \%$

5. Rate of Return:- $\frac{\text{Net Profit Per Year} \times 100}{\text{Total Investment}} = \frac{4.06}{16.2} = 23.17 \%$
(On 100 % Capacity utilization)

6. Break-even Analysis (% age of total production envisaged):

(i) Fixed Cost : (Rs. in Lakhs)

a) Depreciations on building : 0.075

b) Dep. (all other types)	:	0.440
c) Interest on investments	:	1.940
d) Insurance	:	0.060
e) 40 % of salaries & wages	:	1.512
f) 40 % of O.Es. less insurance	:	0.408
Total:-		4.435 Lakh

(ii) **Net Profit per year (as at S.No. H.3):- Rs. 4.08 Lakh**

$$\text{Break-even Point (B.E.P):- } \frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Net Profit}} = 52.08 \%$$

(I) Names & Addresses of Machinery Manufacturers:

S. No.	Name & Address	Telephone/Website/E-mail
1.	Unique Packaging Systems 21, Preet Nagar, Batala Road, Amritsar , Punjab - 143 001	91-183-6546314/2276314 +91 9872976314 http://uniquepackagingsystems.tradeindia.com/
2.	Taj Printing & Packaging Machinery Co. 518, East Mohan Nagar Indl Area, Amritsar,	
3.	K. M. Machines Near Old Jalandhar Octori Post G.T Road, Amritsar	http://www.kmmachinesindia.com
4.	Freinds Engineering Overseas Exports J-126-B, Vishnu Garden New Delhi - 110018, Delhi	☎ +91 11 25984953 ✉ +91 11 25921041
5.	Friends Engineering Overseas Exports 390, Focal Point, Amritsar, Punjab - 143 001	+(91)-(11)-25984953, +(91)-9876179525 Fax No: +(91)-(11)-25985770
6.	Sikandar Machines 175-176, New Gokal Ka Bagh Opp. Street Diamond Palace, 100' Road, East Mohan Nagar Amritsar - 143006, Punjab,	☎ +91 183 2583827 ☎ +91 98141 13175 ✉ +91 183 2588527
7.	Regeant Technofab 71/7-A-20, GF, Rama Road Industrial Area, Near Kirti Nagar Metro Station, New Delhi, Delhi - 110 015,	+(91)-(11)-25193447/ 25193448 +(91)-9871918824/9013201724 http://www.indiamart.com/regenttechnofab
8.	Jenan Overseas Exports NW 138, Vishnu Garden New Delhi, Delhi, India - 110 018	+(91)-(11)-25913140 Fax: +(91)-(11)-25913140 +(91)-9999432597 / 9999236831
9.	Tyagi Engineering Works Year of Establishment: 1971 C-109, Sec-2, Noida, Uttar Pradesh, India - 201 301	+(91)-(11)-25128736, Fax: +(91)-(11)-25128746 Cell Phone: +(91)-9810526719 / 9999236831 www.indiamart.com/tyagiengworks
10.	Graf Impex	+(91)-(124)-4110874,

	B 38, Udyog Vihar, Gurgaon, Haryana, India - 122016	Fax: +(91)-(124)-4086447 Mobile / Cell Phone: +(91)-9810292938 www.indiamart.com/company/899246
11.	Sahil Graphics Plot No. 62, Sector-59, HSIDC Industrial Estate Faridabad, Haryana, India - 121 004	+(91)-(129)-2309200 Fax: +(91)-(129)-4029202 Mobile / Cell Phone: +(91)-9811037642 / 9810130039 Website: www.sahilgraphics.com
12.	Senior Engineering Corporation City : Amritsar, Country : India	Mobile 9316099121

(J) Names & Addresses of Raw Material Suppliers:

1.	New Era Overseas, New Delhi C-49, Phase - I, Vivek Vihar, Delhi - 110 095, India	+(91)-(11)-22168326/22158326 Fax: +(91)-(11)-43061308 +(91)-9818033122/9891944399 http://www.neweraoverseas.com/paper-craft.html
2.	M. Ismail & Co. 3, Babban Compound, Yadav Nagar, Khairani Road, Sakinaka Andheri East, Mumbai, Maharashtra - 400 072,	+(91)-(22)-22907886 Fax: +(91)-(22)-28528408 +(91)-9869570916/9821470968 http://www.corrugatedboxess.com/paper-kraft-liner.html
3.	Fortune Enterprises A - 20, Gurunanakpura, Lane-3, Laxmi Nagar, New Delhi, Delhi - 110 092,	+(91)-(11)-22458412/42448423 Fax: +(91)-(11)-22458412/42448423 +(91)-9811463563/9811222959 http://www.indiamart.com/fortuneenterprises/paper-products-and-stationery.html
4.	IDEAS AFRESH INC. WZ-100/4, Titarpur, Tagore Garden, New Delhi, Delhi - 110027,	+(91)-(11)-42133588/45613798 Fax: +(91)-(11)-25915573 +(91)-9810048388 http://www.handmadepaper-products.com/
5.	Shree Lakshmi Craft H1/880, Phase-3, RIICO Industrial Area, Bhiwadi, Rajasthan - 301 019,	+(91)-(1493)-310610/512412 +(91)-9214312479/9317777123 http://www.indiamart.com/shreelakshmicraft/
6.	Premium Laminators Private Limited F-12, Kavinagar Industrial Area, Ghaziabad, Uttar Pradesh - 201 001,	+(91)-9810023511 http://www.indiamart.com/premiumlaminators/
7.	V.S. Stampings Khasra No. 12/16, Plot No.102, Mandoli Industrial Area Phase- II, Village Mandoli, Near Bal Bharti Public School, New Delhi, Delhi - 110 093,	+(91)-(11)-64575517/22341982 Fax: +(91)-(11)-22150426 +(91)-9811539997 http://www.indiamart.com/sm-enterprises/crgo-lamination-stampings.html
8.	Himmatramka Sales Company No. 12/1, Central Market, Ashok Vihar, Delhi, Delhi - 110 052,	+(91)-(11)-27139104/27235112 Fax: +(91)-(11)-27227600 +(91)-9811154567 http://www.indiamart.com/himmatramka-sales-company/
9.	Amar Paper Co. 907/205, 2nd Floor, Maharaja	+(91)-(11)-23246767/23246768 Fax: +(91)-(11)-45093545

	Agarsain Market, New Delhi, Delhi - 110 006,	+(91)-9810838377/9810470749 http://www.indiamart.com/amarpaper/
10.	NPT Papers Private Limited Address: No. 402, Sethi Bhawan, Rajendra Place, Delhi, Delhi - 110 008,	+(91)-(11)-25717116/25762809 +(91)-9811016226 http://www.indiamart.com/nptpapers/
11.	Tirupati Kraft Paper Chawri Bazar, Delhi, Delhi - 110 036,	+(91)-9818672839/9953130304 http://www.indiamart.com/tirupatikraftpaper/
12.	MLM India Limited No. 234, Chawri Bazar, New Delhi, Delhi - 110 006,	+(91)-(11)-23264753/23266549 Fax: +(91)-(11)- 23278655/23266549 +(91)-9868249900 http://www.mlmltd.com/paper.html
13.	Surindera Paper Mills Pvt. Ltd. B- 53, Phase VII, Focal Point, Ludhiana, Punjab - 141 010	+(91)-(161)-5027978/5027980/2677552 Fax: +(91)-(161)-5027980 http://www.indiamart.com/surinderapapermills/paper-and-paper-boards.html
14.	Arun Overseas 5-CP/8, N. H. Railway Road, N. I. T., Faridabad, Haryana - 121 001	+(91)-(129)-2412622/2423127/2411928 Fax: +(91)-(129)-2423127 +(91)-9810027175/9810317431 http://www.indiamart.com/arunoverseas/poly-coated-paper.html

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