PROJECT PROFILE

ON

HDPE / PP WOVEN SACKS

PRODUCT	:	**HDPE / PP WOVEN SACKS .**
QUALITY & STANDARDS	:	As per Customer's specification & IS: 9755 – 1981 & IS:8069 – 1981.
PRODUCTION CAPACITY (P.A.)	:	Quantity : 353 M. T. Value (Rs.) : 3,99,06,650
MONTH & YEAR OF PREPARATION	:	January, 2011.
PREPARED BY	:	**MSME - Development Institute,** Ministry of Micro, Small & Medium Enterprises, Government of India 107, Industrial Estate, Kalpi Road, **Kanpur-208012.** Tele. 2295070, 2295071 & 2295073 (EPBAX) Tele. No. 2295072 (SENET & TRC) Tele/Fax No.: 0512- 2240143 Email: dcdi-kanpur@dcmsme.gov.in Webebsite: msmedikanpur.gov.in

PROJECT PROFILE
ON
HDPE / PP WOVEN SACKS

1. INTRODUCTION

HDPE/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. PP/HDPE woven sacks laminated with LDPE/PP liner have wider applications. HDPE woven sacks are much stronger & can withstand much higher impact loads because of HDPE strips elongation at break is about 15-25% as compared to 30% of Jute. These sacks are much cleaner & resist fungal attack. Jute prices are very unstable in the market since Jute is an agriculture product. These sacks have many advantages over other conventional sacks materials & are quite competitive in price.

The major users of HDPE/PP woven sacks are fertilizer, sugar, cattle feed, cement & other chemical Industries. Oil seeds, salt, starch, pesticides, detergents & many other items are also being packed in woven sacks. Fabric from HDPE strips is also ideal for the manufacture of shopping bags, sport hold-all, deck chairs, books binding Cinema screen wall facing & carpet backing etc.

2. MARKET POTENTIAL:

At present there is under utilization 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.

3. BASIS AND PRESUMPTIONS:

1. The unit will run on single shift of 8 hours per day.25 days & 300 days per year.
2. The wastage during production is considered 2%.
3. The cost of land & building, plant & machinery, raw materials , labour cost & finished goods are as per prevailing market rate.
4. One kg. of raw materials equal to 6.65 nos. of woven sacks.

4. IMPLEMENTATION SCHEDULE :

Every project requires some specific time for commercial production and are briefly as under:-

Sl. No.	Activity	Expected time
1.	Acquisition of land	1 month
2.	Filing of EM-I.	7 days
3.	Building construction	3 months
4.	Financial Arrangements	2 months
5.	Procurement of Machinery	3-5 months
6.	Installation, electrification and commissioning of machinery and other facilities	1-3 months
7.	NOC from Pollution Control Board	1- 2 months
8.	Trial run	From 9 months onwards

5. TECHNICAL ASPECTS

i) Production detail & Process of Manufacture:

The process involve the production of tape with the help of tape extrusion machine followed by knitting to form cloth on circular weaving machine, which cut into required length & width & stitched with the help of industrial sewing machine. A printing may also be done as per requirement on cloth with the help of two colour printing machine.

ii) Quality Control & Specification:

IS : 6753- – 1981 for fertilizers
IS : 8069- – 1981 for pesticides

HDPE woven sacks can also be manufactured as per the requirement & major purchasers.

iii) Production Capacity (per annum)

a) Quantity : 475 M.T.
b) Value (Rs.) : Rs. 4,73,81,250

iv) Motive Power Requirement:

185 KW (250 HP Approx.)

6. FINANCIAL ASPECTS:

(A) Fixed Capital:

i) Land and Building :

Land – 4000 Sq. Mtrs. @ Rs. 500/- Sq. Mtrs.		Rs.	20,00,000/-
Built up Ara – 9000 Sq. Fts. @ Rs. 1000/- Sq. Ft.		Rs.	90,00,000/-
	Total:	**Rs.**	**1,10,00,000/-**

ii) Plant & Machinery:

Sl. No.	Description	Qty (Nos.)	Value (Rs.)
1	Tape extrusion line cap. 135-150 kg/hr. model Lohia Lorex E 60.600M	1	95,00,000/-
2	Chease winders with shuttles	12	3,60,000/-
3	Circular weaving machine	1	20,00,000/-
4	Heavy duty sewing machine	10	3,60,000/-
5	Two colour printing machine with max. print area 28"X43" with 3 HP motor	1	5,00,000/-
6	Weighing machine		20,000/-
7	Laboratory equipment	1	2,00,000/-
8	Transformer 11 KVA		1,60,000/-
9	Other expenses		50,000/-
10	Electrification & installation charges @ 10% of the cost of plant & machinery		13,10,000/-
11	Office furniture		75,000/-
	Total:		**1,45,35,000/-**

Total Fixed Capital Requirement:

1.	Land & Building	1,10,00,000/-
2.	Plant & Machinery	1,45,35,000/-
	Total:	**2,55,35,000/-**

(B) Working Capital (Per Month):

i) Staff and Labour (per month)

Sl. No.	Designation	No.	Rate (Rs.)	Amount (Rs.)
1	Work Manager	1	12000	12,000/-
2	Sales Manager	1	8000	8,000/-
3	Accountant	1	5000	5,000/-
4	Store keeper	1	5000	5,000/-
5	Clerk cum typist	2	5000	10,000/-
6	Foreman	1	6000	6,000/-
7	Supervisor	4	4500	18,000/-
8	Skilled Worker	4	4000	16,000/-
9	Unskilled Worker	10	3000	30,000/-
10	Electrician	1	4000	4,000/-
11	Fitter	1	4000	4,000/-
12	Peon/Guard	4	3000	12,000/-
			Sub- Total	**1,30,000/-**
	Perquisites @ 15% of salary			19,500/-
			Total	**1,49,500/-**

ii) Raw Material:

Sl. No.	Particulars	Quantity	Rate (Rs)	Value (Rs.)
1	HDPE / PP Granules	30 MT	62000/MT	18,60,000/-
2	Other misc. items.			25,000/-
			Total	**18,85,000/-**

iii) Utilities:

Sl. No.	Particulars	Quantity	Rate	Value (Rs.)
1	Electricity & Power	40000 units	Rs. 5.50/unit	2,20,000/-
2	Water			10,000/-
			Total	**2,30,000/-**

iv) Other Contingent Expenses:

Sl. No.	Description		**Amount in Rs.**
1.	Telephone and stationery	:	5,000/-
2.	Travelling & Transport	:	10,000/-
3.	Advertisement & Publicity	:	50,000/-
4.	Repair & Maintenance	:	10,000/-
5.	Insurance & Taxes	:	15,000/-
6.	Other expenditure	:	10,000/-
	Total	**:**	**1,00,000/-**

v) Total Recurring Expenses.

a.	Salary & Wages	:	1,49,500/-
b.	Raw material	:	18,85,000/-
c.	Utilities	:	2,30,000/-
d.	Other contingent expenses	:	1,00,000/-
	Total:	:	**23,64,500/-**

Total Working Capital for 3 months = 23,64,500 X 3 = : Rs.70,93,500/-

7. Total Capital Investment:

a)	Fixed Capital	2,55,35,000/-
b)	Working Capital for 3 months	70,93,500/-
	Total:	**3,26,28,500/-**

Means of Finance:

i)	Promoter's share	25%	81,57,125/-
ii)	Loan from Financial Institution	75%	2,44,71,375/-
		Total:	**3,26,28,500/-**

8. Financial Analysis:

(A) Cost of production (Recurring Expenses) (per annum)

S. No.	Particulars	Amount (Rs.)
1.	Total Recurring Expenditure	2,83,74,000/-
2.	Depreciation on Building @ 5%	4,50,000/-
3.	Depreciation on Machinery & Equipments @ 10% (Except Electrification & Installation, Trial run)	13,10,000/-
4.	Interest on 75% on loan @ 12.5% p.a.	30,59,000/-
	Total :	**3,31,93,000/-**

(B) Turnover (per annum)

Sales proceeds as shown below:

Item	**Quantity (M.T.)**	**Rate (Rs.)**	**Value (Rs.)**
HDPE / PP Woven Sacks	353 MT 2347450 bags	Rs. 17/each	**3,99,06,650/-**

(C) Net Profit (Per Annum):

Turn Over (-) Cost of Production

3,99,06,650/- (-) 3,31,93,000/- **Rs. 67,13,650/-**

(D) Net Profit Ratio (Per Annum):

$$\frac{\text{Profit/annum X 100}}{\text{Sales Per Annum}} = \frac{\text{67,13,650/-X 100}}{\text{3,99,06,650/-}} = \textbf{16.82\%}$$

(E) Rate of Return:

$$\frac{\text{Profit/Annum X 100}}{\text{Total Capital Investment}} = \frac{\text{67,13,650/- X 100}}{\text{3,26,28,500/-}} = \textbf{20.57\%}$$

(F) BREAK EVEN POINT:

Fixed Cost (Per Annum):

1.	Depreciation on Building @ 5% p.a.	4,50,000/-
2.	Depreciation on Plant & Machinery @ 10% p.a.	13,10,000/-
3.	Interest on loan @ 12.5% p.a.	30,59,000/-
4.	40% salary and wages	7,17,600/-
5.	40% of Utilities	11,04,000/-
6.	40% of other expenses	4,80,000/-
	Total Fixed Cost:	**71,20,600/-**

Break Even Point:

$$\frac{\text{Fixed Cost X 100}}{\text{Fixed Cost + Profit}} = \frac{\text{71,20,600/- X 100}}{\text{71,20,600/- + 67,13,650/-}} = \textbf{51.47\%}$$

9. Names and Addresses of Plant & Machinery Suppliers:

1. M/s Lohia Starlinger Limited,
   D-3/A, Panki Industrial Estate, Kanpur-208022.

2. M/s Brimco Plastic Machinery Pvt. Ltd.,
   Brimco House, 55, Govt. Industrial Estate, Kandivili, Mumbai-400067.

3. M/s Boolani Engg. Corporation,
   402, Veer Savarkar Road,, Prabhadevi Industrial Estate, Mumbai-400025.

10. Names & Addresses of Raw Material Suppliers:

1. M/s Hoechst Dyes & Chemicals Limited,
   Hoechst House, 193, Backbay Reclamation Nariman Point, Mumbai-400021.

2. GAIL, Dibiyapur, Dist. Auraiya. (U.P.)

****