

PROJECT REPORT

Of

PLASTIC BUTTONS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Plastic Buttons Making 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 : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **PLASTIC BUTTONS**
- 6 Name of the project / business activity proposed : **PLASTIC BUTTONS MAKING UNIT**
- 7 Cost of Project : Rs.22.64 Lakhs
- 8 Means of Finance
- Term Loan Rs.15.57 Lakhs
- Own Capital Rs.2.26 Lakhs
- Working Capital Rs.4.8 Lakhs
- 9 Debt Service Coverage Ratio : 2.16
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 35%
- 13 Employment : 11 Persons
- 14 Power Requirement : 28.00 HP
- 15 Major Raw materials : ABS Plastic, Chemical dyes and other additives.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 110.42 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	16.50
Furniture & Fixtures	0.80
Working Capital	5.34
Total	22.64

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.26
Working Capital(Finance)	4.80
Term Loan	15.57
Total	22.64

PLASTIC BUTTONS MAKING UNIT

Introduction:

In modern clothing and fashion design, a button is a small fastener, now most commonly made of plastic but also may be made of metal, wood, or seashell, that joins two pieces of fabric together. Textile industries is the major client of button manufacturing business. Buttons are most often attached to articles of clothing, but can also be used on containers such as wallets and bags. However, buttons may be sewn onto garments and similar items exclusively for purposes of ornamentation. Buttons serving as fasteners work by slipping through a fabric or thread loop or by sliding through a buttonhole.



Uses & Market Potential:

Buttons are most often attached to articles of clothing, but can also be used on other products such as wallets and bags. The Buttons for Clothing Market is growing at a faster pace with substantial growth rates over the last few years and is estimated that the market will grow significantly in the forecasted period i.e. 2020 to 2027. The market for acrylic buttons are increasing due to increase in consumption of garments used for domestic use and for exports. The consumption of both these sectors have registered significant growth in the past and it will continue to show good growth in future years.

The Indian Plastic Industry has taken great strides in its quest for success. The last few decades have seen it rise to the position of a leading force in the country with a sizable base. The industry itself is growing at a fast pace and the per capita consumption of plastics in the country has increased manifold as compared to the earlier decade.

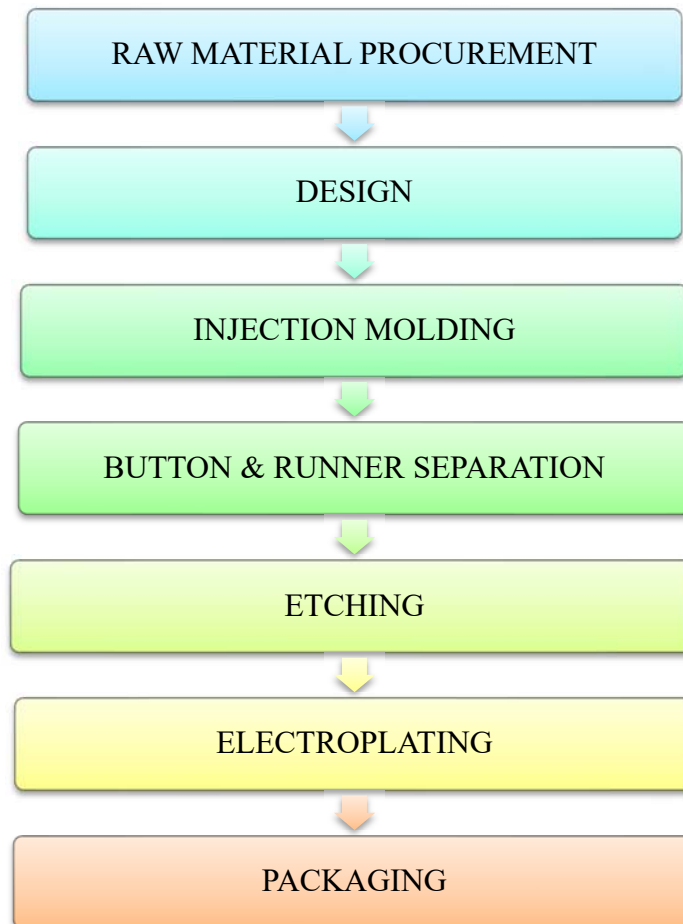
Product:

Plastic Buttons

Raw Material:

Basic raw materials are ABS Plastic, Chemical dyes, other additives (such as colorant, carbon black, color carbonate, etc.)

Manufacturing Process:



Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1200-1800Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Injection Moulding Machine	1	800000	800000
Tumbler Mixture	1	100000	100000
Plastic Separator Machine	1	250000	250000
Etching Machine	1	250000	250000
Electroplating Machine	1	250000	250000
Total Amount			1650000

Power Requirement- The estimated Power requirement is taken at 28 HP.

Manpower Requirement— Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	60.19	73.84	85.37	97.56	110.42
Total (A)	60.19	73.84	85.37	97.56	110.42
<u>B) COST OF SALES</u>					
Raw Material Consumed	31.68	36.35	41.18	46.21	51.40
Electricity Expenses	2.51	2.82	3.13	3.45	3.76
Repair & Maintenance	1.50	1.85	2.13	2.44	2.76
Labour & Wages	12.35	15.44	18.83	22.22	25.78
Depreciation	2.56	2.18	1.85	1.58	1.34
Cost of Production	50.59	58.63	67.14	75.89	85.04
Add: Opening Stock /WIP	-	2.53	2.93	3.36	3.79
Less: Closing Stock /WIP	2.53	2.93	3.36	3.79	4.25
Cost of Sales (B)	48.06	58.23	66.71	75.46	84.58
C) GROSS PROFIT (A-B)	12.13	15.61	18.66	22.11	25.83
	20.15%	21.14%	21.86%	22.66%	23.40%
D) Bank Interest i) (Term Loan)	1.69	1.38	1.00	0.62	0.24
ii) Interest On Working Capital	0.53	0.53	0.53	0.53	0.53
E) Salary to Staff	5.67	6.80	8.16	9.63	10.79
F) Selling & Adm Expenses Exp.	0.90	2.07	2.73	3.41	4.42
G) TOTAL (D+E+F)	8.79	10.78	12.42	14.20	15.97
H) NET PROFIT	3.34	4.83	6.24	7.91	9.86
	5.5%	6.5%	7.3%	8.1%	8.9%
I) Taxation	-	-	0.39	0.74	1.14
J) PROFIT (After Tax)	3.34	4.83	5.85	7.18	8.72

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.26	-	-	-	-
Reserve & Surplus	3.34	4.83	6.24	7.91	9.86
Depreciation & Exp. W/off	2.56	2.18	1.85	1.58	1.34
Increase In Cash Credit	4.80	-	-	-	-
Increase In Term Loan	15.57	-	-	-	-
Increase in Creditors	1.58	0.23	0.24	0.25	0.26
TOTAL :	30.11	7.24	8.33	9.74	11.46
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.30	-	-	-	-
Increase in Stock	4.11	0.64	0.67	0.69	0.72
Increase in Debtors	2.81	0.64	0.54	0.57	0.60
Repayment of Term Loan	1.73	3.46	3.46	3.46	3.46
Taxation	-	-	0.39	0.74	1.14
Drawings	2.80	3.20	3.80	4.20	5.00
TOTAL :	28.75	7.93	8.85	9.65	10.92
Opening Cash & Bank Balance	-	1.36	0.67	0.15	0.24
Add : Surplus	1.36	- 0.69	- 0.52	0.09	0.55
Closing Cash & Bank Balance	1.36	0.67	0.15	0.24	0.78

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	2.53	2.93	3.36	3.79	4.25
<u>Raw Material</u>					
(15 Days requirement)	1.58	1.82	2.06	2.31	2.57
Closing Stock	4.11	4.75	5.42	6.11	6.82

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.11		
Less:			
Sundry Creditors	1.58		
Paid Stock	2.53	0.25	2.28
Sundry Debtors	2.81	0.28	2.53
Working Capital Requirement			4.80
Margin			0.53
MPBF			4.80
Working Capital Demand			4.80

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	15.57	15.57	0.43	-	15.57
	Iind Quarter	15.57	-	15.57	0.43	-	15.57
	IIIrd Quarter	15.57	-	15.57	0.43	0.87	14.71
	Ivth Quarter	14.71	-	14.71	0.40	0.87	13.84
					1.69	1.73	
II	Opening Balance						
	Ist Quarter	13.84	-	13.84	0.38	0.87	12.98
	Iind Quarter	12.98	-	12.98	0.36	0.87	12.11
	IIIrd Quarter	12.11	-	12.11	0.33	0.87	11.25
	Ivth Quarter	11.25		11.25	0.31	0.87	10.38
					1.38	3.46	
III	Opening Balance						
	Ist Quarter	10.38	-	10.38	0.29	0.87	9.52
	Iind Quarter	9.52	-	9.52	0.26	0.87	8.65
	IIIrd Quarter	8.65	-	8.65	0.24	0.87	7.79
	Ivth Quarter	7.79		7.79	0.21	0.87	6.92
					1.00	3.46	
IV	Opening Balance						
	Ist Quarter	6.92	-	6.92	0.19	0.87	6.06
	Iind Quarter	6.06	-	6.06	0.17	0.87	5.19
	IIIrd Quarter	5.19	-	5.19	0.14	0.87	4.33
	Ivth Quarter	4.33		4.33	0.12	0.87	3.46
					0.62	3.46	
V	Opening Balance						
	Ist Quarter	3.46	-	3.46	0.10	0.87	2.60
	Iind Quarter	2.60	-	2.60	0.07	0.87	1.73
	IIIrd Quarter	1.73	-	1.73	0.05	0.87	0.86
	Ivth Quarter	0.86		0.86	0.02	0.87	- 0.00
					0.24	3.46	

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
<u>CASH ACCRUALS</u>	5.89	7.01	7.70	8.75	10.06
Interest on Term Loan	1.69	1.38	1.00	0.62	0.24
Total	7.58	8.39	8.70	9.37	10.30
<u>REPAYMENT</u>					
Repayment of Term Loan	1.73	3.46	3.46	3.46	3.46
Interest on Term Loan	1.69	1.38	1.00	0.62	0.24
Total	3.42	4.84	4.46	4.08	3.70
DEBT SERVICE COVERAGE RATIO	2.22	1.73	1.95	2.30	2.79
AVERAGE D.S.C.R.			2.16		

Assumptions:

1. Production Capacity of Plastic Buttons Making unit is taken at 2200 Packets per day. First year, Capacity has been taken @ 40%. Each Packet contains 12 Buttons.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 15 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 28 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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