

PROJECT REPORT

Of

PLASTIC PRICE TAG

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Plastic Price Tag Manufacturing 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 PRICE TAG**
- 6 Name of the project / business activity proposed : **PLASTIC PRICE TAG MANUFACTURING UNIT**
- 7 Cost of Project : Rs.20.41 Lakhs
- 8 Means of Finance
- Term Loan Rs.15.3 Lakhs
- Own Capital Rs.2.04 Lakhs
- Working Capital Rs.3.07 Lakhs
- 9 Debt Service Coverage Ratio : 2.01
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 41%
- 13 Employment : 9 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Ploypropelene Resin, Pigments, Antioxidant and other additives
- 16 Estimated Annual Sales Turnover (Max Capacity) : 84.88 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	0.50
Working Capital	3.41
Total	20.41

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.04
Working Capital(Finance)	3.07
Term Loan	15.30
Total	20.41

PLASTIC PRICE TAG MANUFACTURING UNIT

Introduction:

A Plastic Price Tag is a label declaring the price of an item for sale. Price tags play an important role when shopping in store. They inform the customer about the price of an item in such a way that it does not raise any doubts for the customer. Price tags contain a number of items about the product, such as: product name, name of the producer, weight or capacity, barcode/EAN, and finally, information about whether a given product is on the shelf at a regular or promotional price. Plastic tags are used to provide information about the status of a product, safety, and for equipment inspection. Plastic tags are lightweight and have desirable resistance properties, thus increasing the shelf life of a label. Plastic tags are tamper-proof and durable. These properties are increasing the preference for plastic tags in various industries such as chemicals, pharmaceuticals, and automotive. Plastic tags are found to be more useful in differentiating products and manufacturing processes when labeled through different shapes, sizes, and color tags.



Uses & Market Potential:

Plastic tags are used to provide information about the status of a product, safety, and for equipment inspection. They inform the customer about the price of an item in such a way that it does not raise any doubts for the customer. Price tags contain a number of items about the product, such as: product name, name of the producer, weight or capacity, barcode/EAN, and finally, information about whether a given product is on the shelf at a regular or promotional price. The dominating factor that is driving the plastic tags market is their cost-effectiveness. However, some plastic tags are reusable and recycled, which is further driving the growth of the market. Besides, branding and positioning of the product are also expected to act fueling factors for the growth of the plastic tags market. Nowadays, companies are increasingly focusing on the best practices for inventory management, which is expected to further push the growth of the plastic tags market. The importance of data notes within the consumer-product marketing mix is one of the major parameters for the increasing demand for plastic tags. The global manufacturing and automotive sector is being significantly transformed by upgrading processes with high speed. The global plastic tags market is expected to grow on the backdrop of these markets for having efficient processes.

Product:

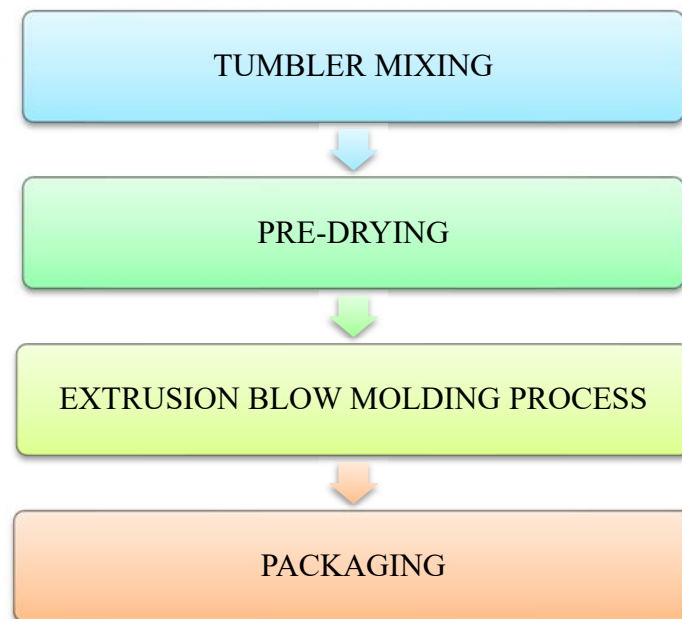
Plastic Price Tag

Raw Material:

The raw materials required for the manufacture of the Plastic Price Tag are:

- Polypropylene resin (blow molding grade)
- Pigments
- Antioxidant and other additives
- Packaging Material

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
Tumbler Mixer	1	100000	100000
Pre-Drying Setup	1	50000	50000
Extrusion Blow Molding Machine	1	1500000	1500000
Total Amount			1650000

Power Requirement- The estimated Power requirement is taken at 30 HP.

Manpower Requirement- Following manpower is required:

- Machine operator-1
- Skilled/unskilled worker-2
- 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	52.20	61.00	68.55	76.50	84.88
Total (A)	52.20	61.00	68.55	76.50	84.88
<u>B) COST OF SALES</u>					
Raw Material Consumed	27.00	30.29	33.70	37.24	40.89
Electricity Expenses	3.36	3.69	4.03	4.36	4.70
Repair & Maintenance	1.04	1.22	1.37	1.53	1.70
Labour & Wages	8.69	10.43	12.31	14.28	16.28
Depreciation	2.53	2.15	1.83	1.56	1.32
Cost of Production	42.62	47.79	53.23	58.97	64.89
Add: Opening Stock /WIP	-	1.42	1.59	1.77	1.97
Less: Closing Stock /WIP	1.42	1.59	1.77	1.97	2.16
Cost of Sales (B)	41.20	47.62	53.05	58.78	64.69
C) GROSS PROFIT (A-B)	11.00	13.38	15.50	17.72	20.19
	21.07%	21.94%	22.61%	23.17%	23.78%
D) Bank Interest i) (Term Loan)	1.66	1.36	0.98	0.61	0.23
ii) Interest On Working Capital	0.34	0.34	0.34	0.34	0.34
E) Salary to Staff	4.79	5.84	7.01	7.85	9.03
F) Selling & Adm Expenses Exp.	1.15	1.52	1.71	2.14	2.55
G) TOTAL (D+E+F)	7.93	9.06	10.04	10.94	12.15
H) NET PROFIT	3.07	4.32	5.46	6.78	8.04
	5.9%	7.1%	8.0%	8.9%	9.5%
I) Taxation	-	-	0.22	0.50	0.76
J) PROFIT (After Tax)	3.07	4.32	5.23	6.28	7.28

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.04	-	-	-	-
Reserve & Surplus	3.07	4.32	5.46	6.78	8.04
Depreciation & Exp. W/off	2.53	2.15	1.83	1.56	1.32
Increase In Cash Credit	3.07	-	-	-	-
Increase In Term Loan	15.30	-	-	-	-
Increase in Creditors	1.35	0.16	0.17	0.18	0.18
TOTAL :	27.35	6.63	7.45	8.52	9.55
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.00	-	-	-	-
Increase in Stock	2.32	0.79	0.35	0.37	0.38
Increase in Debtors	2.44	0.41	0.35	0.37	0.39
Repayment of Term Loan	1.70	3.40	3.40	3.40	3.40
Taxation	-	-	0.22	0.50	0.76
Drawings	2.20	2.80	3.20	4.00	4.50
TOTAL :	25.66	7.40	7.53	8.64	9.43
Opening Cash & Bank Balance	-	1.69	0.93	0.86	0.73
Add : Surplus	1.69	- 0.76	- 0.07	- 0.12	0.12
Closing Cash & Bank Balance	1.69	0.93	0.86	0.73	0.85

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.42	1.59	1.77	1.97	2.16
<u>Raw Material</u>					
(10 Days requirement)	0.90	1.51	1.68	1.86	2.04
Closing Stock	2.32	3.11	3.46	3.83	4.21

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.32		
Less:			
Sundry Creditors	1.35		
Paid Stock	0.97	0.10	0.87
Sundry Debtors	2.44	0.24	2.19
Working Capital Requirement			3.07
Margin			0.34
MPBF			3.07
Working Capital Demand			3.07

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	15.30	15.30	0.42	-	15.30
	Iind Quarter	15.30	-	15.30	0.42	-	15.30
	IIIrd Quarter	15.30	-	15.30	0.42	0.85	14.45
	Ivth Quarter	14.45	-	14.45	0.40	0.85	13.60
					1.66	1.70	
II	Opening Balance						
	Ist Quarter	13.60	-	13.60	0.37	0.85	12.75
	Iind Quarter	12.75	-	12.75	0.35	0.85	11.90
	IIIrd Quarter	11.90	-	11.90	0.33	0.85	11.05
	Ivth Quarter	11.05		11.05	0.30	0.85	10.20
					1.36	3.40	
III	Opening Balance						
	Ist Quarter	10.20	-	10.20	0.28	0.85	9.35
	Iind Quarter	9.35	-	9.35	0.26	0.85	8.50
	IIIrd Quarter	8.50	-	8.50	0.23	0.85	7.65
	Ivth Quarter	7.65		7.65	0.21	0.85	6.80
					0.98	3.40	
IV	Opening Balance						
	Ist Quarter	6.80	-	6.80	0.19	0.85	5.95
	Iind Quarter	5.95	-	5.95	0.16	0.85	5.10
	IIIrd Quarter	5.10	-	5.10	0.14	0.85	4.25
	Ivth Quarter	4.25		4.25	0.12	0.85	3.40
					0.61	3.40	
V	Opening Balance						
	Ist Quarter	3.40	-	3.40	0.09	0.85	2.55
	Iind Quarter	2.55	-	2.55	0.07	0.85	1.70
	IIIrd Quarter	1.70	-	1.70	0.05	0.85	0.85
	Ivth Quarter	0.85		0.85	0.02	0.85	0.00
					0.23	3.40	

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
<u>CASH ACCRUALS</u>	5.59	6.47	7.06	7.84	8.60
Interest on Term Loan	1.66	1.36	0.98	0.61	0.23
Total	7.25	7.83	8.04	8.45	8.84
<u>REPAYMENT</u>					
Repayment of Term Loan	1.70	3.40	3.40	3.40	3.40
Interest on Term Loan	1.66	1.36	0.98	0.61	0.23
Total	3.36	4.76	4.38	4.01	3.63
DEBT SERVICE COVERAGE RATIO	2.16	1.65	1.84	2.11	2.43
AVERAGE D.S.C.R.			2.01		

Assumptions:

1. Production Capacity of Plastic Price Tag Manufacturing unit is taken at 1500 Packets per day. First year, Capacity has been taken @ 50%. One Packet contains 12 Tags.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 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 30 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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