

PROJECT REPORT

Of

PACKAGING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Packaging 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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PACKAGING UNIT

Introduction

Packaging Unit is a unit of measure that is used as packaging for a material. Wafer packaging paper are liquid resistant and offered in variety of patterns. These can be used for regular purpose and manufactured to meet the requirements of the clients. They are designed in variegated patterns and following the latent trends to satisfy the end user.

Use

A packaging unit can contain the product itself, (for example, a packet) or hold other packaging units, (for example, a box containing bottles).

You can print specific labels for a material for each packaging unit specified and enter the following information:

- Label size
- Generation variant
- Number of labels per packaging unit
- Validity area

Transport packaging together with its labels could look like this:

Quality

Packing paper quality depends on the intended use. Packing paper is classified using the following quality features:

- Tensile strength
- Bursting strength
- Crease resistance
- Abrasion resistance
- Elasticity
- Stiffness
- Printability
- Wet strength
- Water repellency
- Impermeability to aromas and water vapour

Packaging unit Market Analysis

- The Indian packaging industry itself is growing at 14-15% annually. This growth rate is expected to double in the next two years.
- According to the Indian Packaging Institute, Indian Packaging industry is USD 14 billion and growing at more than 15% p.a. These figures indicate towards a change in the industrial and consumer set up.

The growth in the packaging industry in India is mainly driven by the food and the pharmaceutical packaging sectors. The large and growing Indian middle class, along with the growth in organized retailing in the country are fueling growth in the packaging industry. Another factor, which has provided substantial stimulus to the packaging machinery industry is the rapid growth of exports, which requires superior packaging standards for the international market. With this the need for adopting better packaging methods, materials and machinery to ensure quality has become very important for Indian businesses.

The Indian packaging industry is dominated by plastic flexible packaging. The traditional rigid packaging users have also been seen to shift to flexible packaging in recent times. According to industry sources, the main reasons for this is that flexible packages are found aesthetically attractive, cost-effective and sturdy. Consumer preference for the use of convenient packaging and packaged products in affordable quantities in laminates is also one of the main reasons that have contributed to the growth of flexible packaging in India. The food-processing sector is the largest user of flexible packaging, accounting for more than 50 percent of the total demand. The flexible packaging segment is estimated to be growing at over 35 percent annually. Major players in the flexible packaging sector are Paper Products Ltd. and Flex Industries.

Manufacturing Process

The first step in pouch packaging is ordering or creating your pouches. Depending on what you're packing and what machine you're using, you may want to use anything from small, 2-inch pouches up to large, 250mm pouches.

Pouch packaging provides a convenient, easy way to carry a snack, or even consumer goods. The product takes up less space as it's used up, which helps maximize pantry or workshop space. You're your customer is done using it, it takes up less space in their trash, saving them trash bags and trips to the curb.

Machinery & Equipment's required:

Name	Cost
Fully Automatic single Head filling Machine with double vibrator and chute bagger	3,50,000
GST @ 18%	63,000
Total	4,13,000

❖ Cost of the machine is other than transportation cost.

Land & Building required:

Land required 500 Square Feet (approx.)

Approximate construction cost for the same is Rs. 100000

Labour Requirement:

2 Manpower are required for the Packaging unit.

Includes:

1 skilled Labour

1 Unskilled Labour

Raw Material Requirement

Packaging roll is required as raw material for Wafer & Kurkure packet.

Average raw material (cost per KG): Rs. 250-300

Packaging unit license & registration

For Proprietor:

- Obtain the GST registration.
- Fire/ Pollution Registration as required.
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1
2	Construction (if Applicable)	1- 2 Months
3	Procurement & installation of Plant & Machinery	1
4	Arrangement of Finance	1
5	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	2-3 Months

Conclusion:

It can be used to pack items like potato chips, snacks, etc. This machine can be installed with low investment & one can earn a good Margin of profit by doing this business.

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs 3.92 Lacs and Working Capital limit of Rs. 2.50 Lacs

<u>COST OF PROJECT</u>	PARTICULARS	AMOUNT	AMOUNT	AMOUNT
	Land		25%	75%
	Building Civil Work	1.00	0.25	0.75
	Plant & Machinery	4.13	1.03	3.10
	Furniture & Fixtures and Other Assets	0.10	0.03	0.08
	Working capital	3.33	0.83	2.50
	Total	8.56	2.14	6.42

<u>MEANS OF FINANCE</u>	PARTICULARS	AMOUNT
	Own Contribution	2.14
	Bank Loan	3.92
	Working capital Limit	2.50
	Total	8.56

COMPUTATION OF PRODUCTION OF PACKING POUCH**Items to be Manufactured**

Wafer Packing Pouch of 20-30 Gram

Machine capacity	4	KG per hour
Machine capacity per annum	12000	KG
1 pouch weight consists	4.00	gram
1 KG consist	250	Pouch
Per Annum Production	12000	KG

Production of packing pouch

Production	Capacity	KG
1st year	55%	6,600
2nd year	60%	7,200
3rd year	65%	7,800
4th year	70%	8,400
5th year	75%	9,000
6th year	80%	9,600

Raw Material	Capacity Utilisation	Rate per KG	Amount (Rs. in lacs)
1st year	55%	240.00	15.84
2nd year	60%	240.00	17.28
3rd year	65%	241.00	18.80
4th year	70%	242.00	20.33
5th year	75%	243.00	21.87
6th year	80%	244.00	23.42

COMPUTATION OF SALE

Particulars	1st year	2nd year	3rd year	4th year	5th year	6th year
Op Stock	-	550	360	390	420	450
Production	6,600	7,200	7,800	8,400	9,000	9,600
Less : Closing Stock	550	360	390	420	450	480
Net Sale	6,050	7,390	7,770	8,370	8,970	9,570
sale price per KG	310.00	312.00	315.00	316.00	318.00	320.00
sales (in Lacs)	18.76	23.06	24.48	26.45	28.52	30.62

BREAK UP OF LABOUR CHARGES

Particulars	Wages Per Month	No of Employees	Total Salary
Skilled Labour	10000	1	10000
Total Salary Per Month			10000
Total Annual Labour Charges	(in Lacs)		1.20

Utility Charges at 100% capacity (per month)

Particulars	value	Description
Power connection required	2	KWH
consumption per day	20	units
Consumption per month	500	units
Rate per Unit	6	Rs.
power Bill per month	3000	Rs.

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	6th year
Capacity Utilisation %	55%	60%	65%	70%	75%	90%
<u>SALES</u>						
Gross Sale						
Wafer pack Pouch	18.76	23.06	24.48	26.45	28.52	30.62
Total	18.76	23.06	24.48	26.45	28.52	30.62
<u>COST OF SALES</u>						
Raw Mateiral Consumed	15.84	17.28	18.80	20.33	21.87	23.42
Electricity Expenses	0.36	0.40	0.45	0.51	0.57	0.62
Repair & Maintenance	0.19	0.23	0.24	0.26	0.29	0.31
Labour & Wages	1.20	1.32	1.45	1.60	1.76	1.84
Depriciation	0.73	0.54	0.46	0.39	0.33	0.28
Consumables	0.56	0.69	0.73	0.79	0.86	0.92
Cost of Production	18.88	20.46	22.14	23.88	25.66	27.40
Add: Opening Stock /WIP	-	1.57	1.02	1.11	1.19	1.28
Less: Closing Stock /WIP	1.57	1.02	1.11	1.19	1.28	1.37
Cost of Sales	17.31	21.01	22.05	23.79	25.57	27.31
GROSS PROFIT	1.45	2.05	2.42	2.66	2.95	3.31
Salary to Staff	-	-	-	-	-	-
Interest on Term Loan	0.39	0.36	0.28	0.20	0.12	0.04
Interest on working Capital	0.28	0.28	0.28	0.28	0.28	0.28
Selling & Adm Expenses Exp.	0.19	0.46	0.49	0.53	0.57	0.61
TOTAL	0.85	1.09	1.04	1.00	0.96	0.93
NET PROFIT	0.60	0.95	1.38	1.66	1.99	2.39
Taxation	-	-	-	-	-	-
PROFIT (After Tax)	0.60	0.95	1.38	1.66	1.99	2.39

PROJECTED BALANCE SHEET						
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	6th year
<u>Liabilities</u>						
Capital						
opening balance		2.54	2.99	3.38	3.83	4.32
<i>Add:- Own Capital</i>	2.14					
Add:- Retained Profit	0.60	0.95	1.38	1.66	1.99	2.39
Less:- Drawings	0.20	0.50	1.00	1.20	1.50	1.75
Closing Blance	2.54	2.99	3.38	3.83	4.32	4.96
Term Loan	3.56	2.84	2.12	1.40	0.68	-
Working Capital Limit	2.50	2.50	2.50	2.50	2.50	2.50
Sundry Creditors	0.79	1.04	1.00	1.08	1.17	1.25
Provisions & Other Liab	0.30	0.40	0.55	0.66	0.83	1.03
TOTAL :	9.69	9.77	9.55	9.48	9.49	9.74
<u>Assets</u>						
Fixed Assets (Gross)	5.23	5.23	5.23	5.23	5.23	5.23
Gross Dep.	0.73	1.27	1.72	2.11	2.44	2.72
Net Fixed Assets	4.50	3.96	3.51	3.12	2.79	2.51
Current Assets						
Sundry Debtors	1.56	1.92	2.04	2.20	2.38	2.55
Stock in Hand	2.37	2.46	2.67	2.89	3.11	3.32
Cash and Bank	1.27	1.42	1.33	1.27	1.22	1.36
TOTAL :	9.69	9.77	9.55	9.48	9.49	9.74

PROJECTED CASH FLOW STATEMENT

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	6th year
<u>SOURCES OF FUND</u>						
Own Margin	2.14					
Net Profit	0.60	0.95	1.38	1.66	1.99	2.39
Depreciation & Exp. W/off	0.73	0.54	0.46	0.39	0.33	0.28
Increase in Cash Credit	2.50	-	-	-	-	-
Increase In Term Loan	3.92	-	-	-	-	-
Increase in Creditors	0.79	0.24	0.03	0.08	0.08	0.08
Increase in Provisions & Oth lib	0.30	0.10	0.15	0.11	0.17	0.21
TOTAL :	10.98	1.83	1.95	2.24	2.56	2.96
<u>APPLICATION OF FUND</u>						
Increase in Fixed Assets	5.23					
Increase in Stock	2.37	0.10	0.21	0.21	0.22	0.22
Increase in Debtors	1.56	0.36	0.12	0.16	0.17	0.17
Repayment of Term Loan	0.36	0.72	0.72	0.72	0.72	0.68
Drawings	0.20	0.50	1.00	1.20	1.50	1.75
Taxation		-	-	-	-	-
TOTAL :	9.72	1.68	2.05	2.30	2.61	2.82
Opening Cash & Bank Balance	-	1.27	1.42	1.33	1.27	1.22
Add : Surplus	1.27	0.16	0.09	0.06	0.05	0.14
Closing Cash & Bank Balance	1.27	1.42	1.33	1.27	1.22	1.36

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL						
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	6th year
Finished Goods						
	1.57	1.02	1.11	1.19	1.28	1.37
Raw Material						
	0.79	1.44	1.57	1.69	1.82	1.95
Closing Stock	2.37	2.46	2.67	2.89	3.11	3.32

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	2.37				
Less : Creditors	0.79				
Paid stock	1.57	25%	0.39	80%	1.18
Sundry Debtors	1.56	25%	0.39	80%	1.17
	3.14		0.78		2.35
WORKING CAPITAL LIMIT DEMAND (from Bank) 2.50					

2nd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	5.19	5.81
Other Current Liabilities	1.09	1.44
Working Capital Gap	4.10	4.37
Min Working Capital		
25% of WCG	1.03	1.09
Actual NWC	1.60	1.87
item III – IV	3.08	3.28
item III – V	2.50	2.50
MPBF (Lower of VI & VII)	2.50	2.50

3rd Method		
PARTICULARS	1st year	2nd year
Total Current Assets	5.19	5.81
Other Current Liabilities	1.09	1.44
Working Capital Gap	4.10	4.37
Min Working Capital		
25% of Current Assets	1.30	1.45
Actual NWC	1.60	1.87
item III – IV	2.80	2.92
item III – V	2.50	2.50
MPBF (Lower of VI & VII)	2.50	2.50

COMPUTATION OF DEPRECIATION

Description	Building	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	10.00%	15.00%	10.00%	
Opening Balance	-	-	-	-
Addition	1.00	4.13	0.10	5.23
Total	1.00	4.13	0.10	5.23
Less : Depreciation	0.10	0.62	0.01	0.73
WDV at end of Year	0.90	3.51	0.09	4.50
Additions During The Year	-	-	-	-
Total	0.90	3.51	0.09	4.50
Less : Depreciation	0.09	0.53	0.01	0.54
WDV at end of Year	0.81	2.98	0.08	3.96
Additions During The Year	-	-	-	-
Total	0.81	2.98	0.08	3.96
Less : Depreciation	0.08	0.45	0.01	0.46
WDV at end of Year	0.73	2.54	0.07	3.51
Additions During The Year	-	-	-	-
Total	0.73	2.54	0.07	3.51
Less : Depreciation	0.07	0.38	0.01	0.39
WDV at end of Year	0.66	2.16	0.07	3.12
Additions During The Year	-	-	-	-
Total	0.66	2.16	0.07	3.12
Less : Depreciation	0.07	0.32	0.01	0.33
WDV at end of Year	0.59	1.83	0.06	2.79
Additions During The Year	-	-	-	-
Total	0.59	1.83	0.06	2.79

Less : Depreciation	0.06	0.27	0.01	0.28
WDV at end of Year	0.53	1.56	0.05	2.51
Less : Depreciation	0.05	0.23	0.01	0.24
WDV at end of Year	0.48	1.32	0.05	2.27
Less : Depreciation	0.05	0.20	0.00	0.20
WDV at end of Year	0.43	1.13	0.04	2.07

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	6th year
CASH ACCRUALS	1.16	1.65	2.12	2.45	2.84	3.31
Interest on Term Loan	0.39	0.36	0.28	0.20	0.12	0.04
Total	1.55	2.00	2.39	2.65	2.96	3.34
<u>REPAYMENT</u>						
Instalment of Term Loan	0.36	0.72	0.72	0.72	0.72	0.68
Interest on Term Loan	0.39	0.36	0.28	0.20	0.12	0.04
Total	0.74	1.08	1.00	0.92	0.84	0.72
DEBT SERVICE COVERAGE RATIO	2.08	1.86	2.40	2.89	3.53	4.65
AVERAGE D.S.C.R.	2.90					

REPAYMENT SCHEDULE OF TERM LOAN

Interest 11.00%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	3.92	3.92	-	-	3.92
	2nd month	3.92	-	3.92	0.04	-	3.92
	3rd month	3.92	-	3.92	0.04	-	3.92
	4th month	3.92	-	3.92	0.04		3.92
	5th month	3.92	-	3.92	0.04		3.92
	6th month	3.92	-	3.92	0.04		3.92
	7th month	3.92	-	3.92	0.04	0.06	3.86
	8th month	3.86	-	3.86	0.04	0.06	3.80
	9th month	3.80	-	3.80	0.03	0.06	3.74
	10th month	3.74	-	3.74	0.03	0.06	3.68
	11th month	3.68	-	3.68	0.03	0.06	3.62
	12th month	3.62	-	3.62	0.03	0.06	3.56
					0.39	0.36	
2nd	Opening Balance						
	1st month	3.56	-	3.56	0.03	0.06	3.50
	2nd month	3.50	-	3.50	0.03	0.06	3.44
	3rd month	3.44	-	3.44	0.03	0.06	3.38
	4th month	3.38	-	3.38	0.03	0.06	3.32
	5th month	3.32	-	3.32	0.03	0.06	3.26
	6th month	3.26	-	3.26	0.03	0.06	3.20
	7th month	3.20	-	3.20	0.03	0.06	3.14
	8th month	3.14	-	3.14	0.03	0.06	3.08
	9th month	3.08	-	3.08	0.03	0.06	3.02
	10th month	3.02	-	3.02	0.03	0.06	2.96
	11th month	2.96	-	2.96	0.03	0.06	2.90
	12th month		-		0.03	0.06	

		2.90		2.90			2.84
					0.36	0.72	
3rd	Opening Balance						
	1st month	2.84	-	2.84	0.03	0.06	2.78
	2nd month	2.78	-	2.78	0.03	0.06	2.72
	3rd month	2.72	-	2.72	0.02	0.06	2.66
	4th month	2.66	-	2.66	0.02	0.06	2.60
	5th month	2.60	-	2.60	0.02	0.06	2.54
	6th month	2.54	-	2.54	0.02	0.06	2.48
	7th month	2.48	-	2.48	0.02	0.06	2.42
	8th month	2.42	-	2.42	0.02	0.06	2.36
	9th month	2.36	-	2.36	0.02	0.06	2.30
	10th month	2.30	-	2.30	0.02	0.06	2.24
	11th month	2.24	-	2.24	0.02	0.06	2.18
	12th month	2.18	-	2.18	0.02	0.06	2.12
					0.28	0.72	
4th	Opening Balance						
	1st month	2.12	-	2.12	0.02	0.06	2.06
	2nd month	2.06	-	2.06	0.02	0.06	2.00
	3rd month	2.00	-	2.00	0.02	0.06	1.94
	4th month	1.94	-	1.94	0.02	0.06	1.88
	5th month	1.88	-	1.88	0.02	0.06	1.82
	6th month	1.82	-	1.82	0.02	0.06	1.76
	7th month	1.76	-	1.76	0.02	0.06	1.70
	8th month	1.70	-	1.70	0.02	0.06	1.64
	9th month	1.64	-	1.64	0.02	0.06	1.58
	10th month	1.58	-	1.58	0.01	0.06	1.52
	11th month	1.52	-	1.52	0.01	0.06	1.46
	12th month (subsidy adjusted)	1.46	-	1.46	0.01	0.06	1.40
					0.20	0.72	
5th	Opening Balance						

1st month	1.40	-	1.40	0.01	0.06	1.34
2nd month	1.34	-	1.34	0.01	0.06	1.28
3rd month	1.28	-	1.28	0.01	0.06	1.22
4th month	1.22	-	1.22	0.01	0.06	1.16
5th month	1.16	-	1.16	0.01	0.06	1.10
6th month	1.10	-	1.10	0.01	0.06	1.04
7th month	1.04	-	1.04	0.01	0.06	0.98
8th month	0.98	-	0.98	0.01	0.06	0.92
9th month	0.92	-	0.92	0.01	0.06	0.86
10th month	0.86	-	0.86	0.01	0.06	0.80
11th month	0.80	-	0.80	0.01	0.06	0.74
12th month	0.74	-	0.74	0.01	0.06	0.68
				0.12	0.72	-
6TH	Opening Balance					
1st month	0.68	-	0.68	0.01	0.06	0.62
2nd month	0.62	-	0.62	0.01	0.06	0.56
3rd month	0.56	-	0.56	0.01	0.06	0.50
4th month	0.50	-	0.50	0.00	0.06	0.44
5th month	0.44	-	0.44	0.00	0.06	0.38
6th month	0.38	-	0.38	0.00	0.06	0.32
7th month	0.32	-	0.32	0.00	0.06	0.26
8th month	0.26	-	0.26	0.00	0.06	0.20
9th month	0.20	-	0.20	0.00	0.06	0.14
10th month	0.14	-	0.14	0.00	0.06	0.08
11th month	0.08	-	0.08	0.00	0.06	0.02
12th month	0.02	-	0.02	0.00	0.02	0.00
				0.04	0.68	
DOOR TO DOOR		72	MONTHS			
MORATORIUM PERIOD		6	MONTHS			
REPAYMENT PERIOD		66	MONTHS			

Supplier Details

Shekhar International

Address:

Plot 58, Sector 6, Faridabad, Haryana e-mail: sales@munky.in

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