

POLYTHENE (LDPE) BAGS

1. INTRODUCTION

Usage of polythene bags for packaging is increasing day by day. Polythene bags are widely used in daily life with every household using it for varied purposes of packaging and storage. They are considered to be more convenient for packing products.

2. MARKET

There is ever increasing demand for the polythene bags in the market. Now a days, all shop keepers and sellers of any products are using polythene bags for packing purpose.

3. MANUFACTURING PROCESS

The machine for producing polythene film/roll, which is used to make polythene bags is produces 10 kg of polythene film per hour. This film will be used for making polythene bags.

4. PRODUCTION CAPACITY PER ANNUM

Capacity	25000 kg
Selling Price (including scrap)	Rs. 80.00 per kg

5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Fixed Capital	135000
2	Working Capital for 1 month(s)	154000
3	Preliminary & Preoperative Expns	5000
	Total Project Cost	294000

6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	44100
2	Subsidy /Soft Loan	20%	58800
3	Term Loan	65%	191100
	Total		294000

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings Rented Rs. 2000 per month

ii. Machinery and Equipment

S.No	Description	Qty.	Rate	Amount Rs.
1	SMT 35 LDPE Extruder with 10 HP motor for 1/4" to 14" tube/roll	1	100000	100000
2	Cutting and sewing machine for making upto 18" breadth bags	1	20000	20000
3	2 HP motor	1	5000	5000
4	Transportation expenses	LS		2000
5	Other tools, etc	LS		5000
6	Electrification and installation costs	LS		3000
	Total			135000

B. WORKING CAPITAL

i. Salaries & Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Operator/Entrepreneur	1	2500	2500
2	Unskilled workers	2	2000	4000
	Total			6500

ii. Raw Material (per month)

S.No	Description	Unit	Qty.	Rate	Amount Rs.
1	LDPE first grade grains	kgs	2200	60	132000
2	Colour/master batches		LS		1000
3	Packing material		LS		5000
4	Other consumables		LS		1000
	Total				139000

iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	4000
2	Water	LS	500
	Total		4500

iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage, Telephones & Stationery Expenses	300
2	Transportation & Conveyance Expenses	1000
3	Insurance	300
4	Reparis and Maintenance Expenses	300
5	Miscellaneous Expenses	100
	Total	2000

v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	2000
2	Salaries and Wages	6500
3	Raw Material	139000
4	Utilities	4500
5	Other Expenses	2000
	Total	154000

8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	1848000
2	Depreciation @ 15%	20250
3	Interest on term loan @ 12%	22932
	Total	1891182

9. TURNOVER (PER YEAR)

S.No	Description	Unit	Qty.	Rate Rs.	Amount Rs.
1	LDPE Bags	kg	25000	80	2000000
	Total				2000000

10 FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	20250
2	Interest	22932
3	Rent	24000
4	Salaries & Wages @ 40%	31200
5	Other Expenses incl. Utilities @ 40%	31200
	Total	129582

11. PROFIT ANALYSIS & RATIOS

1	Net Profit	Rs.	108818
2	Percentage of Profit on Sales		5%
3	Percentage of Return on Investment		37%
4	Break Even Point		54%