

PROJECT PROFILE

ON

BINDIS

Month & Year
July 2010

**PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032**

Supported by

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STIFTUNG **FÜR DIE FREIHEIT**

BINDIS

INTRODUCTION

Bindis are widely used by Indian housewives. They are regular consumable items used by them adding grace to the personality with a dignified outlook. The bindis are equally used by both married as well as unmarried girls. The demand for bindis is increasing as ladies prefer to wear bindis in different colours.

PRODUCT SPECIFICATION & USES

There is no specification for bindis prescribed by Bureau of Indian Standards.

MARKET POTENTIAL

The consumption of cosmetics has been increasing all over these years. Cosmetics serve for accomplishing better complexion, beautification of the eye and conditioning of hair and skin.

Bindis are the least expensive cosmetic item and hence almost all the ladies of all age groups use it. It is very easy to apply. The women population in the country constitutes more than half of the population and demand for Bindis is going up.

TECHNICAL ASPECTS

INSTALLED CAPACITY

The capacity of the unit proposed is 4,000 strips (folders) of 6 nos. bindis per day. On this basis, the total capacity per annum is 12,00,000 strips (folders)

PLANT & MACHINERY

The following machinery items are required for Bindis making

Sl. No	Machinery Description	Value
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1.	Adhesive Coating Machine	23000
2.	Drying Chamber	46000
3.	Punching Machine	28750
	TOTAL	97750

MANUFACTURING PROCESS

The decorative coloured sheets are purchased and adhesive is applied through brush rolls. The adhesive is coated and passed through hot air chamber for drying the adhesive. The sheet is then cut to form proper shapes of bindis by using punching machines. The punched bindis are attached to release paper and then they are packed in small printed folders.

RAW MATERIALS

The Materials used for bindi making is thin plastic / rubber decorative sheet of colour and shades. Adhesives are required to coat on the one side of the Bindis for affixing. The adhesive normally used is dextrin.

LAND & BUILDING

An area of 1000 sqft is sufficient to install the plant & machinery and providing storage space. This can be arranged on rental basis. An advance of Rs.1,00,000 is considered.

UTILITIES

Power: A single phase connection is sufficient to operate the mixing vessel.

Water: Water is required for human consumption only.

Man power:

Category	Nos	Monthly Salary	Total Salary Per Month
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Supervisor	1	8000	8000
Workers	3	5000	15000
Packing	2	5000	10000
			33000
Add: Benefits 20%			6600
Total Wages per month			39600
Total Wages per annum (Rs. lakhs)			Rs.4.75 lakhs

IMPLEMENTATION SCHEDULE

As the equipments are available easily, if financing arrangements are made, the project can be implemented in 1 month's time.

ASSUMPTIONS

Installed Capacity	12,00,000 strips per annum, which is based on 4,000 strips per day, the unit works for 300 days.
Capacity utilisation	Year-1 -60% Year -2 -70% Year-3 onwards- 80%
Raw materials	Rs.10.00 lakh for the first year and it will be increasing by 10% on every year.
Power	Rs.0.18 lakh per annum (Rs.1500 per month) for the first year and it will be increasing by 10% on every year.
Wages and salaries	Rs. 4.75 lakhs for the first year and it will be increasing by 5% by every year.
Repairs and Maintenance	Rs.0.36 lakh per annum (Rs. 3000 per month) with annual increase of 5%.
Depreciation	Written down value method -15 % on machinery
Selling general and administrative expenses	Rs.3.60 lakh for the first year (Rs30000 per month) with an increase by 5% on every year

Interest on Term loan	12% per annum
Interest on working capital	12 % per annum
Income tax	33.22 % on profits

LIST OF MACHINERY AND MATERIALS SUPPLIERS

1. Swastik Techno Pack Pvt Ltd, F.130, Ansa Industrial Estate, Saki-Vihar Road, Sakinala, Andherei East, Mumbai 400 072. Phone: 66924906, Pradeep pancholi 9892400247
2. Reshama Refrigeration, Ambedkar Nagar Tape Line no:2, Near Hanuman Mandir, Opp: Ansa (D), Sakivihar Road, Sakinaka, Mumbai 400 072. Phone: 28471313, Mr. Sachin Howal 9320222230.
3. Raj Electricals, No: 102, Madhu Industrial Estate, Mograpaota, Mogra Village Road, Andheri East, Mumbai 400 069. Phone: 28378936, 9870012462.

RAW MATERIAL SUPPLIER

1. SS Chemicals, Anil Compound, Rama Chandrahane Extension, Kanchpada No-1, Malad West, Mumbai 400 064. Phone: 28898540, Shyam Sunder Agarwal 9594415766.
2. Krishna Sales Corporation, G-1, Vardhawan Apartments, B/H, Liberty Hotel, Opp: US Pizza Commerce Cross Road, Navrangpura, Ahmedabad 38000009, Phone: 9825095968, 26408814.

FINANCIAL ASPECTS

1. COST OF PROJECT

[Rs.lakhs]

Building (Advance)	1.00
Plant & Machinery	0.98
Other Misc. assets	0.20
Pre-Operative expenses	0.30
Margin for WC	0.52
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	3.00

2. MEANS OF FINANCE

Capital	2.26
Term Loan	0.74
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	3.00

Term loan is calculated at 75% on plant and machinery

3. COST OF PRODUCTION & PROFITABILITY STATEMENTS

Years	1	2	3
No. of strips (1 strip contain 6 bindis)	1200000	1200000	1200000
Utilisation	60%	70%	80%
Production/Sales (No. strips)	720000	840000	960000
Selling Price	Rs.3.00	per strip	
Sales Value (Rs.lakhs)	21.60	25.20	28.80
Raw Materials (including packing materials)	10.00	11.70	13.37
Power (Rs.1,500 p.m)	0.18	0.20	0.22
Wages & Salaries	4.75	4.99	5.24
Repairs & Maintenance	0.36	0.38	0.40
Depreciation	0.15	0.12	0.11
Cost of Production	15.44	17.39	19.34

Selling, Admin, & General expenses	3.60	3.78	3.97
Interest on Term Loan	0.09	0.08	0.05
Interest on Working Capital	0.15	0.15	0.15
Total	19.28	21.40	23.51
Profit Before Tax	2.32	3.80	5.29
Provision for tax	0.77	1.26	1.76
Profit After Tax	1.55	2.54	3.53
Add: Depreciation	0.15	0.12	0.11
Cash Accruals	1.70	2.66	3.64
Repayment of Term Loan	0.00	0.19	0.19

4. WORKING CAPITAL:

	Months Consumptions	Values	%	Margin Amount	Bank Finance
Raw Materials	2.00	1.67	25%	0.42	1.25
Expenses	1.00	0.10	100%	0.10	0.00
		<u>1.77</u>		<u>0.52</u>	<u>1.25</u>

5. PROFITABILITY RATIOS BASED ON 80% UTILISATION

<u>Profit after Tax</u>	<u>3.53</u>	12%
Sales	28.80	
<u>Profit before Interest and Tax</u>	<u>5.49</u>	129%
Total Investment	4.25	
<u>Profit after Tax</u>	<u>3.53</u>	156%
Promoters Capital	2.26	

6. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	5.24
Repairs & Maintenance	0.40
Depreciation	0.11

Admin. & General expenses	3.97
Interest on TL	<u>0.05</u>
	<u>9.77</u>

Profit Before Tax (P) 5.29

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{FC} + \text{P}} = \frac{9.77}{9.77 + 5.29} \times \frac{80}{100} \times 100$$

52% of installed capacity