PROJECT PROFILE

ON

SHG - OTHER INDUSTRIES

BUTTONS FROM ACRYLIC SHEETS

Month & Year
December 2008

PREPARED BY

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BUTTONS FROM ACRYLIC SHEETS

INTRODUCTION

Plastic buttons are manufactured by basically two processes by 1) cutting acrylic and polyester sheets by die punching process and 2) by processing urea compression mounding. In the given profile details are given for setting up a project of acrylic sheets by dye punching machinery.

MARKET

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.

INSTALLED CAPACITY

The installed capacity of proposed unit is 400 Gross of Buttons per day on single shift basis. The annual installed capacity works out to 120000 Gross buttons. One gross is equal to 12 Dozens (144 Nos)

PLANT AND MACHINERY

The following items of plant and machinery are required for the project.

Items	Qty - Nos	Value Rs.
Sheet cutting machine with 0.5 HP machine	1	40000
Drilling machine 1 HP motor	1	18000
Hole Marker (drilling)	1	12000
Grinding machine	1	10000
Other equipments & hand operated & hand operated tools		10000
Total		90000

MANUFACTURING PROCESS

The acrylic sheets are purchased form the market and cut according to the sizes by using die punches .Final finishing is done by grinding machines according to the desired shapes and design. Designs are embossed over the buttons and then polishing is done . The buttons are packed in boxes and dispatched.

RAW MATERIALS

The raw material required for the production at full capacity is given below

For Quantity -Gross		120000		
		Qty-Nos	Rate-Rs	Value
Acrylic sheets		26668	22.50	600030
Total				600030
TOTAL for	120000	Rs. lakhs		6.00
Raw material cost per Gross				5.00
Packing material cost				0.90

LOCATION LAND AND BUILDING

The infrastructural facilities required for the project by way of land and building are the following.

Built up area-Sq.ft	500
Rent p.m.-Rs	1000
Advance-10 months.Rs	10000

UTILITIES

Th

Three phase	KW	3.00
Power charges Rs.lakhs p.a		0.34
Water-For process-Litres per day		0
For human consumption ltr/day		200

e utilities required for the project are the following

MANPOWER

The manpower requirement for the project is given below

		Monthly wages	Total
Supervisor	1	3000	3000
Skilled	3	2000	6000
Helpers	3	1500	4500
sub total			13500
Add benefits		20%	2700
Total per month			16200
TOTAL PER ANNUM-Rs. lakhs			1.94

COST OF PROJECT AND MEANS OF FINANCE

The cost of project and Means of Finance is estimated as given below

1. COST OF PROJECT

	[Rs.lakhs]
Land & Building (Advance)	0.10
Plant & Machinery	0.90
Other Misc. assets	0.03
Pre-Operative expenses	0.05
Margin for WC	0.20
	1.28

2. MEANS OF FINANCE

Capital	0.60
Term Loan	0.68
	1.28

-The term loan proposed is 75% of the Plant and machinery value.

- The promoters will bring in the required capital contribution to the project.

COST OF PRODUCTION AND PROFITABILTY

A cost and profitability statement projected for the first 5 years of operations is given in Annexure. The profitability is based on the following assumptions.

Assumptions

Installed capacity	120000 Gross Acrylic sheet buttons per annum
Capacity utilisation	Year-1 -60% Year -2 -70% Year-3 onwards- 80%
Selling price	Rs.10.25 per Gross.
Raw materials	As per the details given above
Packing materials	Rs.0.90 lakh per annum.
Power	Rs.0.35 lakh per annum at 100%
Wages and salaries	Rs. 1.94 lakhs with increase 5% every year.
Repairs and Maintenance	Rs.0.06 lakh per annum
Depreciation	Written down value method -15 % on machinery
Selling general and administrative expenses	Rs.4000 per month
Interest on Term loan	10% per annum
Interest on working capital	10 % per annum
Income tax	33.66 % on profits

ASSESSMENT OF WORKING CAPITAL

The bank finance is not proposed for the project as the same will be met out of promoter's funds.

PROFITABILITY RATIOS

The project ensures good profits on investment and sales turnover.

DEBT SERVICE COVERAGE RATIO

The debt service coverage ratio of this concern is very high as the Term loan component is too low and the returns are high in this project.

BREAK EVEN LEVEL

The break even level of the unit is 55% of the installed capacity.

MACHINERY SUPPLIERS

Surjeet Engineering
72, Vishwakarma Park
Laxmi Nagra
New Delhi 110 092

RAW MATERIAL SUPPLIERS

Maharaja Marketing
57 Elis Road
Maricha Complex
Chennai 600 002
Madras Industrial Polymers & packings
648, 1 st Floor
MTH Road
Ambattur,Chennai 600 050

FINANCIAL ASPECTS

1. COST OF PROJECT

	[Rs.lakhs]
Land & Building (Advance)	0.10
Plant & Machinery	0.90
Other Misc. assets	0.03
Pre-Operative expenses	0.05
Margin for WC	0.20
	1.28

2. MEANS OF FINANCE

Capital	0.60
Term Loan	0.68
	1.28

3. COST OF PRODUCTION & PROFITABILITY STATEMENT

[Rs.lakhs]

Years	1	2	3	4	5
Installed Capacity Kgs	120000	120000	120000	120000	120000
Utilisation	60%	70%	80%	80%	80%
Production/Sales Kgs	72000	84000	96000	96000	96000
Selling Price	Rs.10.25	per gross			
Sales Value (Rs.lakhs)	**7.38**	**8.61**	**9.84**	**9.84**	**9.84**
Raw Materials	3.60	4.20	4.80	4.80	4.80
Packing Materials	0.54	0.63	0.72	0.72	0.72
Power	0.21	0.24	0.27	0.27	0.27
Wages & Salaries	1.94	1.98	2.02	2.06	2.10
Repairs & Maintenance	0.06	0.07	0.08	0.09	0.10
Depreciation	0.14	0.11	0.10	0.08	0.07
Cost of Production	6.48	7.24	7.99	8.03	8.07
Selling, Admin, & General exp	0.48	0.50	0.53	0.56	0.59
Interest on Term Loan	0.07	0.06	0.04	0.04	0.04
Interest on Working Capital	0.00	0.00	0.00	0.00	0.00
Total	7.03	7.80	8.56	8.63	8.70
Profit Before Tax	0.35	0.81	1.28	1.21	1.14
Provision for tax	0.00	0.00	0.43	0.41	0.38
Profit After Tax	**0.35**	**0.81**	**0.85**	**0.80**	**0.76**
Add: Depreciation	0.14	0.11	0.10	0.08	0.07
Cash Accruals	0.48	0.93	0.94	0.88	0.83
Repayment of Term Loan	0.00	0.17	0.17	0.17	0.17

4. WORKING CAPITAL:

Months Consumptions	Values	%	Margin Amount	Bank Finance

Raw Materials	0.50	0.15	100%	0.15	0.00
Expenses	1.00	0.05	100%	0.05	0.00
		0.20		0.20	0.00

6. PROFITABILITY RATIOS BASED ON 80% UTILISATION

Profit after Tax / Sales	=	0.85 / 9.84	9%
Profit before Interest and Tax / Total Investment	=	1.32 / 1.28	103%
Profit after Tax / Promoters Capital	=	0.85 / 0.60	141%

7. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	2.02
Repairs & Maintenance	0.08
Depreciation	0.10
Admin. & General expenses	0.53
Interest on TL	0.04
	2.77

Profit Before Tax (P) 1.28

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{FC} + \text{P}} = \frac{2.77}{4.05} \times \frac{80}{100} \times 100$$

55% of installed capacity

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