Primepack Containers Pvt. Ltd.
– Advantages of Tube Recycles

We at Primepack Containers strongly believe in providing our customers with solutions that are cost effective, sustainable, and practical in the long term. In a market, that is fast in cutting corners, trying to provide the cheapest products off the shelf, we have remained grounded to our pedigree. Taking a look at solutions that can benefit our customers in the long term, rather than perceived benefits in the short term. Our experience has taught us that short term perceived cost benefits, have tremendous risks in the long term. Based on this experience, we have always believed in providing customers with products of the highest standards.

Here we look at an example of tubes at Primepack. Our tubes offer up to 3 recycles. Comparing this with a competitor's tube with no recycles. On the face of it the competitors tube looks to be cheaper by 25%. A customer may be naturally inclined towards considering a cheaper tube.

Competitor Tube X	**₹ 60**
Recycles	0

Primepack Tube	**₹ 75**
Recycles	3

We study below, how number of recycles affect your ability to reduce your inventory costs, re-use the same tubes after a particular period and reduce your overall spend on tubes drastically. There may be some additional administration effort in managing the recycled tubes, but it is negligible as compared to the overall costs that are saved in the long run. Here we compare both the tubes over four periods, where 1 period is approximately the time taken for the tubes to complete its use cycle.

Scenario 1: Competitor tube

- No recycles, so order required repetitively.
- Higher inventory required.

Cost Head	**Period 1**	**Period 2**	**Period 3**	**Period 4**
Cost per tube	₹ 60	₹ 60	₹ 60	₹ 60
Requirement tubes per period	40000	36000	36000	36000
Cost of tubes	₹ 24,00,000	₹ 21,60,000	₹ 21,60,000	₹ 21,60,000
Inventory Cost	₹ 2,40,000	₹ 2,40,000	₹ 2,40,000	₹ 2,40,000
Inventory Admin Cost	₹ 0	₹ 0	₹ 0	₹ 0
Labour Cost	₹ 30,000	₹ 30,000	₹ 30,000	₹ 30,000
Total Cost	₹ 26,70,000	₹ 24,30,000	₹ 24,30,000	₹ 24,30,000
Total Cost over 4 periods	**₹ 99,60,000**			

** The above example is based on Indian context (labour costs, inventory level etc) and is a high-level simulation.

Scenario 2: Primepack tube

- Up to 3 recycles, so after few periods, re-use kicks in and order sizes reduce drastically.
- Much lesser inventory required.

Cost Head	Period 1	Period 2	Period 3	Period 4
Cost per tube	₹ 75	₹ 75	₹ 75	₹ 75
Requirement tubes per period	40000	38000	40000	40000
Cost of tubes	₹ 30,00,000	₹ 28,50,000	**Reused tubes from Period 1**	**Reused tubes from Period 2**
Inventory Cost	₹ 1,50,000	₹ 1,50,000	₹ 0	₹ 1,50,000
Inventory Admin Cost	₹ 0	₹ 0	₹ 18,000	₹ 18,000
Labour Cost	₹ 36,000	₹ 36,000	₹ 36,000	₹ 36,000
Total Cost	₹ 31,86,000	₹ 30,36,000	₹ 54,000	₹ 2,04,000
Total Cost over 4 periods	**₹ 64,80,000**			

As seen above, within four periods, the **spending on the competitor's tube is INR 9.96 Million whereas the spending on Primepack tubes is INR 6.48 Million**. In spite of Primepack's tube being seemingly more expensive than the competitors by 25%. The perceived benefit of low cost of the competitor erodes over time. Over time, the tube from Primepack is seen to save ~ 35% costs for the customer. Sometimes, a customer may not see this big benefit of tube recycles.

The cost of reordering and inventory retention can be a huge burden on our customers. In our experience, seen above, the cost of a standard tube can seem beneficial on face value. However, with no recycles, a customer spends 30%-35% higher in the long term. This coupled with low string up efficiencies of such tubes, is an added cost burden due to higher yarn wastage with such tubes. It is therefore our highest obligation that our knowledge, expertise, tools, and processes culminate in the highest standard of tubes with industry leading string up efficiencies and recycles.

How Primepack focuses on high string up efficiencies and high recycles

Incoming raw material is procured from leading American OCC based vendors and is subjected to intense testing to ensure it is of the highest standards. We also focus on key tube/core parameters of finished products like "Surface, straightness, ovality, moisture content, flat crush strength, radial strength, dimensional consistency, dynamic load strength, groove/notch accuracy and end cut quality. Following are some key processes followed at Primepack:

- GO and NO-GO gauges are used for checking individual tubes to ensure correct and consistent length and OD. Weight of individual tubes is checked.
- Crush strength radial / flat is checked for production samples.
- Moisture is checked with respect to relative humidity.
- Primepack has in-depth expertise in developing custom knifes and toolsets based on the WINDER manufacturer designs and min/max Denier of yarn.

For more details on our Quality Control mechanisms, refer to "Quality at Primepack" on our website www.primepackcontainers.com.