PROJECT PROFILE ON PAPER NAPKINS MANUFACTURINGUNIT

1. INTRODUCTION

It is a small piece (6'*6") tissue paper piece, use for hand or face cleaning. These are becoming popular with the catering industry due to manifold usages. These are absorbent, higenic, light and can be had with attractive printing.

2. MARKET DEMAND

Due to the Govt. emphasis on popularsing tourism, a new hotel, tourist resorts, holiday homes etc. are comin up very fast in the country. This is bound to increase the demand of the paper conversion products like paper napkins, with the increase of tendency of public and increase of good hotels.

3. PRODUCTION TARGETS

Basis of estimation: 300 Working Days in a Year
Single Shift basis
8 hours per shift

	Paper Napkins
Quantity (Kg)	150000
Value (Rs)	6750000

4. MANUFACTURING PROCESS

Tissue paper roll are fed to the flexographic printing machine with attachment for the manufacturing of paper napkins wherein, these are printed and cut to the size with the device already fixed with the machine

5. QUALITY CONTROL STANDARDS

Quality of the product must be as per customer satisfaction.

6. LAND & BUILDING

1.	Covered area	Sq. Ft.	1000
2.	Uncovered area	Sq. Ft.	500
3.	Total area	Sq. Ft.	1500
4.	Whether constructed or Rented		Constructed
5.	If constructed, constructed value	Rs	300000
6.	If Rented, Rental value (per month)	Rs	N.A.

7. MACHINERY AND EQUIPMENT

S.N.	Description	Qty.	Value (Rs.)
1.	Two colour flexographic machine with attachment of paper napkin	1	400000
2.	Testing Equipment	L.S.	
3.	Edge sealing and cutting machine	L.S.	
4.	Hand Tools	L.S.	
5.	Sales Tax, Freight & Insurance etc.		40000
	Total		440000

8. RAW MATERIAL (PER MONTH)

S.N.	Particulars	Quantity (Kg)	Value (Rs)
1.	Tissue Paper 21 GSM	12.50	500000
2.	Inks & Other Consumables	L.S.	10000
3.	Packaging Material	L.S.	3000
		Total	513000

9. STAFF & LABOUR (PER MONTH)

S.N.	Particulars	Qty	Rate	Value (Rs)
A	Administrative and Supervisory			
(i)	Manager	1	3000	3000
(ii)	Peon/ Chowkidar	1	2000	2000
B	Technical (Skilled-Unskilled)			
(i)	Skilled Worker	1	3000	3000
(ii)	Unskilled Worker	2	2000	4000
	Sub-Total			12000
	Plus perquisites @ 30% of salaries			3600
	TOTAL			15600

9. OTHER EXPENSES (PER MONTH)

1.	Rent of Land & Building	
2.	Electricity Charges	2500
3.	Fuel Exp.	0
4.	Advertisement & Travelling	1000
5.	Transport	3000
6.	Consumable & stores etc.	1000
7.	Potage expenses/ telephones	1000
8.	Stationery	1000
9.	Repairs & Maintenance's	1000
	Total	10500

10. WORKING CAPITAL (FOR ONE MONTH)

SL.NO.	DESCRIPTION	AMOUNT(RS)
1	Raw material (Only 3 Days)	513000
2	Salaries & Wages	15600
3	Other Expenses	10500
	Total	539100

11. TOTAL CAPITAL INVESTMENT

Building & Other Civil Works	300000
Machinery & Equipment	440000
Working capital for one month	539100
Total	1279100

12. COST OF PRODUCTION (PER ANNUM)

Total recurring cost per year	6469200
Depreciation on machinery & equipment	74000
Interest on total investment @ 10%	128000
Total	6671200

13. SALES PROCEEDS (PER ANNUM)

S.N.	Item	Qty (Kg)	Value (Rs.)
1.	Paper Napkins	150000	6750000
	Total		6750000

14. PROFITABILITY (BEFORE INCOME TAX)

1.	Annual Gross Profit	78800
2.	% of Profit on Sales	1.17%
3.	Break Even Analysis	
3.1	Annual Fixed Cost	313200
3.2	Annual Sales	6750000
3.3	Annual Variable Cost	6156000
3.4	Break Even Point	52.73%

Note: Lower net profit shows, higher competition among manufacturer, In addition to napkin concern would utilize its capacity in flexographic printing on job to job basis.

Break-Even Analysis

(% of Total Production envisaged)

$$\frac{\text{Annual fixed cost} \times 100}{\text{Annual sales – Annual variable costs}} = \quad \%$$

15. Manufactures/ Suppliers of Machinery

1	Industrial Paper Machines (P) Ltd. A-32, Naraina Industrial Area, Phase – I, New Delhi
2.	Jitendra Agencies 5, shivsadan, sardar patel marg, Indore.
3.	Indore machinery stores 40, siyaganj, main road, Indore 452 007 Ph. 534339
4.	Huma Traders Infront of shajanabad thana, Shajanabad, Satna(m.p.)
5.	Maruti Sales Corporation Badshah Chamber, 45, Jawahar Marg, Indore (M.P.) 452 004

16. Suppliers of Raw Materials

From Local paper market of the area or from paper mill.

17. IMPLEMENTATION PERIOD

Proposed Project can commence production with in 6-8 weeks after sanction and first disbursement of term loan.

18. ASSUMPTION FOR GENERATING PROJECT PROFITABILITY

1	Number of Working Days in a year	300 Days
2	Number of Shifts in a day	1 One
3	Hours in a Shift	8 hours
4	Plant Capacity	Consider on Average production capacities of plant.

5	Raw material Estimates	Based upon product Mix
6	Raw Material Availability	All districts of MP
7	Depreciation	Straight Line Method
8	Manpower	According to project Requirement
9	Rent estimate	On the basis of current market prize of the area.
10	Potential Area of Marketing the products	Hotels & Restaurants demand of the area.
11	If project is funded, term loan would be	60-80% of Total investment
12	Moratorium Period	6- 12 months
13	Repayment Period	5-7 years
14	Project may be established under	PMEGP (GOI) / Tribal Self Employment Scheme (NSTFDC) or Rani Durgawati Scheme of MP