

UP MSME 1-Connect

PROJECT REPORT

PROJECT:

PAPER NAPKIN

PROJECT REPORT

Of

PAPER NAPKIN

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Paper Napkin Manufacturing Unit**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

Paper Napkin Manufacturing



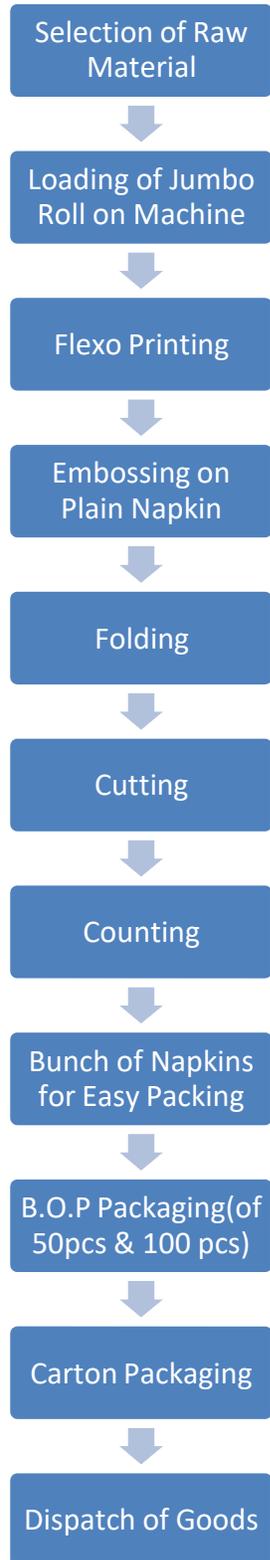
1. Introduction

Paper napkin is a small piece of tissue paper used for hand or face cleaning. These are becoming popular with the catering industry due to manifold usages. Now a days they are being more and more used in households, institutions etc. These are absorbent, hygienic, light and can be had with attractive printing.

2. Market Demand

Urbanization has made a profound impact on our dining habits. One of the notable change is the increased use of paper napkins now a days, which was otherwise could be seen only in western countries. Plain paper napkins are now being widely used in restaurants, households, vehicles, industries, institutions etc. Paper napkins with colorful layout and attractive designs are having bright prospects with our restaurants focusing on tidiness and adornment.

PROCESS FLOW CHART:



Basic Information about the project:

1. The space required for setting up a manufacturing unit of Paper Napkin requires a minimum area of 600-700 sq.ft(for single machine)
2. There are five types of general width that are available in such machines. The sizes are 22cm, 27cm, 30cm, 33cm & 40cm (or customized as per customer requirement).
3. Minimum number of Skilled and Unskilled labor required of operation of Machinery are 1 operator & 2 helper on single machine.
4. Raw Materials come in the form of Jumbo roll of 80-90 kg each. Available raw materials in the market are soft & hard with 1 ply or 2 ply.
5. Not Much civil work is required to start the napkin manufacturing business.
6. The Minimum electricity load of 3.5 kw is required for the unit.
7. Basic Statutory registrations required for setting up the manufacturing unit includes Goods & Service Tax registration, Udyog aadhar Registration.

NAME OF COMPANY

XXXX

NATURE OF ORGANIZATION

XXXX

MANAGEMENT

XXXX

REGISTERED OFFICE

XXXX

FINANCIAL ASSISTANCE REQUIRED

Term loan of Rs. 8.00 lacs and Working Capital limit of Rs. 5.00 lacs

Particulars	Amount	Margin	Finance
Land		Owned/Rented	
Building & Civil work	3.00	1.20	1.80
Plant & Machinery	7.08	1.77	5.31
Other Assets(equipments & fixtures)	1.25	0.36	0.89
Working Capital Margin	1.50	1.50	-
Grand Total	12.83	4.83	8.00

SOURCES OF FUND

PARTICULARS	TOTAL
Capital/Internal Accrual	4.83
Term Loan	8.00
Grand Total	12.83

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
	Proj	Proj	Proj	Proj	Proj
<u>SOURCES OF FUND</u>					
<u>Capital A/c</u>					
Opening Balance	-	6.99	9.18	11.69	14.45
Add: Addition	4.83	-	-	-	-
Add: Net Profit after tax	3.66	4.19	5.01	5.77	6.50
Less : Drawings	1.50	2.00	2.50	3.00	3.50
	6.99	9.18	11.69	14.45	17.45
Term Loan	7.10	5.30	3.50	1.70	-
<u>Current Liabilities</u>					
Working Capital Limit	5.00	5.00	5.00	5.00	5.00
Sundry Creditors	3.50	3.80	4.92	6.75	8.00
Other Current Liabilities	1.00	1.10	1.21	1.33	1.46
TOTAL :	23.59	24.38	26.32	29.23	31.91
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	11.77	11.77	11.77	11.77	11.77
Gross Dep.	1.61	2.99	4.18	5.21	6.09
Net Fixed Assets	10.16	8.78	7.59	6.56	5.68
Stock	5.42	8.02	10.52	14.00	17.35
Sundry Debtors	3.57	3.92	3.66	3.96	4.26
Cash and Bank	4.45	3.67	4.55	4.71	4.62
TOTAL :	23.59	24.38	26.32	29.23	31.92
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
	Proj	Proj	Proj	Proj	Proj
Production Capacity	50%	55%	60%	65%	70%
<u>SALES</u>					
Revenue from Operations	51.00	56.00	61.00	66.00	71.00
Total (A)	51.00	56.00	61.00	66.00	71.00
Raw Material Purchase	35.00	38.00	41.00	45.00	48.00
Salary & Wages	3.00	3.30	3.63	3.99	4.39
Power	2.50	2.75	3.03	3.33	3.66
Other Direct Expenses	1.28	1.40	1.53	1.65	1.78
	41.78	45.45	49.18	53.97	57.83
Add: Opening Stock	-	2.50	4.85	7.10	10.25
Less: Closing Stock	2.50	4.85	7.10	10.25	13.35
	39.28	43.10	46.93	50.82	54.73
GROSS PROFIT	11.73	12.90	14.07	15.18	16.27
	23.0%	23.0%	23.1%	23.0%	22.9%
Selling & Administrative Expenses	3.83	4.20	4.58	4.95	5.33
Depreciation	1.61	1.38	1.19	1.02	0.88
Interest on Term loan	0.44	0.71	0.51	0.31	0.11
Interest on Working Capital limit	0.55	0.55	0.55	0.55	0.55
	6.42	6.84	6.82	6.84	6.87
NET PROFIT BEFORE TAX	5.30	6.06	7.25	8.34	9.40
TAX	1.64	1.87	2.24	2.58	2.91
NET PROFIT AFTER TAX	3.66	4.19	5.01	5.77	6.50
ADD : DEPRECIATION	1.61	1.38	1.19	1.02	0.88
CASH ACCRUALS	5.27	5.57	6.20	6.79	7.38

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
	Proj	Proj	Proj	Proj	Proj
<u>SOURCES OF FUND</u>					
Incr. in Capital	4.83	-	-	-	-
Net Profit after tax	3.66	4.19	5.01	5.77	6.50
Depriciation & Exp. W/off	1.61	1.38	1.19	1.02	0.88
Incr. in Term loan	8.00	-	-	-	-
Incr. in working Capital limit	5.00	-	-	-	-
Incr. in Creditors	3.50	0.30	1.12	1.83	1.25
Incr. in Provisions	1.00	0.10	0.11	0.12	0.13
TOTAL :	27.60	5.97	7.43	8.74	8.76
<u>APPLICATION OF FUND</u>					
Incr. in Fixed Assets	11.77	-	-	-	-
Incr. in Debtors	3.57	0.35	(0.26)	0.30	0.30
Incr. in Stock	5.42	2.60	2.50	3.48	3.35
Repayment of Term loan	0.90	1.80	1.80	1.80	1.70
Drawings	1.50	2.00	2.50	3.00	3.50
TOTAL :	23.16	6.75	6.54	8.58	8.85
Opening Cash & Bank Balance	-	4.45	3.67	4.55	4.71
Add : Surplus	4.45	(0.78)	0.89	0.16	(0.09)
Closing Cash & Bank Balance	4.45	3.67	4.55	4.71	4.62

CALCULATION OF SALE AND PRODUCTION

Project details

Size of Napkin	30 cm *30 cm	Napkin in 17 GSM
Production Capacity/day	2,500	packets per day(100 napkin sheet per packet)
No. of working days per year	300	days
Annual Production	750,000.00	Packets

Consumption of Raw Material i.e. Paper

Specification of Paper used in Manufacturing	17	GSM
No. of Packets manufactured in 1 kg of Paper	6.50	Packets
Cost of 1 kg of Paper	60.00	Rs/kg
Cost of Raw Material for each packet (Raw material/no. of packet in 1 kg) i.e. 60/6.5	9.20	Rs./Packet
Total Raw Material Cost	<u>6,900,000.00</u>	
	<u>69.00</u>	Lacs 34.50
Selling Price of each packet	13.50	Rs/Packet
Total Sales Realized	<u>10,125,000.00</u>	
	<u>101.25</u>	Lacs

CALCULATION OF CLOSING STOCK

PARTICULARS	I	II	III	IV	V
Raw Material (15Days)	2.92	3.17	3.42	3.75	4.00
Finished Goods(20 Days)	2.50	4.85	7.10	10.25	13.35
	5.42	8.02	10.52	14.00	17.35

CALCULATION OF WORKING CAPITAL REQUIREMENT

(i) Projected Sales(1st Year)	51.00 Lacs
(ii) Working Capital requirement 25% of Projected Sales	12.75 Lacs
(iii) Margin 5% of projected Sales	2.55 Lacs
(iv) MPBF	10.2 Lacs
Working Capital Limit Required	<u>5.00 Lacs</u>

REPAYMENT SCHEDULE OF TERM LOAN

11%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	8.00	8.00	0.22	-	8.00
	IInd Quarter	8.00	-	8.00	0.22	-	8.00
	IIIrd Quarter	8.00	-	8.00	0.22	0.45	7.55
	IVth Quarter	7.55	-	7.55	0.21	0.45	7.10
			8.00		0.44	0.90	
II	Opening Balance						
	Ist Quarter	7.10	-	7.10	0.20	0.45	6.65
	IInd Quarter	6.65	-	6.65	0.18	0.45	6.20
	IIIrd Quarter	6.20	-	6.20	0.17	0.45	5.75
	IVth Quarter	5.75	-	5.75	0.16	0.45	5.30
					0.71	1.80	
III	Opening Balance						
	Ist Quarter	5.30	-	5.30	0.15	0.45	4.85
	IInd Quarter	4.85	-	4.85	0.13	0.45	4.40
	IIIrd Quarter	4.40	-	4.40	0.12	0.45	3.95
	IVth Quarter	3.95	-	3.95	0.11	0.45	3.50
					0.51	1.80	
IV	Opening Balance						
	Ist Quarter	3.50	-	3.50	0.10	0.45	3.05
	IInd Quarter	3.05	-	3.05	0.08	0.45	2.60
	IIIrd Quarter	2.60	-	2.60	0.07	0.45	2.15
	IVth Quarter	2.15	-	2.15	0.06	0.45	1.70
					0.31	1.80	
V	Opening Balance						
	Ist Quarter	1.70	-	1.70	0.05	0.45	1.25
	IInd Quarter	1.25	-	1.25	0.03	0.45	0.80
	IIIrd Quarter	0.80	-	0.80	0.02	0.45	0.35
	IVth Quarter	0.35	-	0.35	0.01	0.35	(0.00)
					0.11	1.70	
				Door to Door Period	60	months	
				Moratorium period	6	months	
				Repayment Period	54	months	

DEPRECIATION SCHEDULE

Description	Land & Building	Plant & Machinery	Total
	10.00%	15.00%	
Opening Balance	0.00	0.00	0.00
Addition	3.00	8.33	11.33
Add: IDCP	0.12	0.32	0.44
	3.12	8.65	11.77
Less : Depreciation	0.31	1.30	1.61
WDV at the end of 1st year	2.80	7.36	10.16
Addition	0.00	0.00	0.00
	2.80	7.36	10.16
Less : Depreciation	0.28	1.10	1.38
WDV at the end of 2nd year	2.52	6.25	8.78
Addition	0.00	0.00	0.00
	2.52	6.25	8.78
Less : Depreciation	0.25	0.94	1.19
WDV at the end of 3rd year	2.27	5.31	7.59
Addition	0.00	0.00	0.00
	2.27	5.31	7.59
Less : Depreciation	0.23	0.80	1.02
WDV at the end of 4th year	2.04	4.52	6.56
Addition	0.00	0.00	0.00
	2.04	4.52	6.56
Less : Depreciation	0.20	0.68	0.88
WDV at the end of 5th year	1.84	3.84	5.68

DEBT SERVICE COVERAGE RATIO

Particulars	I	II	III	IV	V
NET PROFIT AFTER TAX	3.66	4.19	5.01	5.77	6.50
Add : Depreciation	1.61	1.38	1.19	1.02	0.88
CASH ACCRUALS	5.27	5.57	6.20	6.79	7.38
ADD: INTEREST ON LOAN	0.44	0.71	0.51	0.31	0.11
TOTAL (A)	5.71	6.28	6.71	7.10	7.49
REPAYMENT OBLIGATIONS					
REPAYMENT OF LOAN	0.90	1.80	1.80	1.80	1.70
INTT. ON LOAN	0.44	0.71	0.51	0.31	0.11
TOTAL (B)	1.34	2.51	2.31	2.11	1.81
D.S.C.R.(A/B)	4.26	2.50	2.90	3.36	4.13
AVG. D.S.C.R.			3.30		

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