

## PAPER NAPKINS

### 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 hand with attractive printing.

### MARKET DEMAND

Due to the Govt. emphasis on popularising tourism, a new hotel, tourist resorts, holiday homes etc. are coming 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.

Basis of estimation: 300 Working Days in a Year

Single Shift basis

8 hours per shift

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

### 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

### QUALITY CONTROL STANDARDS:

Quality of the product must be as per customer satisfaction.

### LAND & BUILDING:

1	Covered area	Sq. Ft.	1,000
2	Uncovered area Sq.	Sq. Ft.	500
3	Total area	Sq. Ft.	1,500
4	Whether constructed or Rented		Constructed
5	If constructed, constructed Value		3,00,000
6	If Rented, Rental value (per month)		N.A.

**MACHINERY AND EQUIPMENT:**

SN.	Description	Qty.	Value (Rs)
1	Two colour flexographic machine with attachment of paper napkin	1	4,00,000
2	Testing Equipment		
3	Edge sealing and cutting machine		
4	Hand Tools		
5	Sales Tax, Freight & Insurance etc.		40,000
	<b>Total</b>		<b>4,40,000</b>

**RAW MATERIAL (PER MONTH):**

S.N.	Particulars	Quantity (Kg)	Value (Rs)
1	Tissue Paper 21 GSM	12.50	5,00,000
2	Inks & Other Consumables	L.S.	10,000
3	Packaging Material	L.S.	3,000
	<b>Total</b>		<b>5,13,000</b>

**STAFF & LABOUR (PER MONTH):**

S.N.	Particulars	Qty	Rate	Value (Rs)
A	Administrative and Supervisory			
(i)	Manager	1	6000	6,000
B	Technical (Skilled-Unskilled)			
(i)	Skilled Worker	1	3000	3,000
(ii)	Unskilled Worker	1	4000	4,000
	Sub-Total			12,000
	Plus perquisites @ 30% of salaries			3,600
	<b>TOTAL</b>			<b>15,600</b>

**OTHER EXPENSES (PER MONTH):**

1	Rent of Land & Building	
2	Electricity Charges	2,500
3	Fuel Exp.	0
4	Advertisement & Travelling	1,000
5	Transport	3,000
6	Consumable & stores etc.	1,000
7	Potage expenses/ telephones	1,000
8	Stationery	1,000

9	Repairs & Maintenance's	1,000
	<b>Total</b>	<b>10,500</b>

**WORKING CAPITAL (FOR ONE MONTH):**

SL.NO.	DESCRIPTION	AMOUNT(RS)
1	Raw material (Only 30 Days)	5,13,000
2	Salaries & Wages	15,600
3	Other Expenses	10,500
	<b>Total</b>	<b>5,39,100</b>

**TOTAL CAPITAL INVESTMENT:**

Building & Other Civil Works	3,00,000
Machinery & Equipment	4,40,000
Working capital for one month	5,39,100
<b>Total</b>	<b>12,79,100</b>

**COST OF PRODUCTION (PER ANNUM):**

Total recurring cost per year	64,69,200
Depreciation on machinery & equipment	74,000
Interest on total investment @ 10%	1,28,000
<b>Total</b>	<b>66,71,200</b>

**SALES PROCEEDS (PER ANNUM):**

S.N.	Item	Qty (Kg)	Value (Rs.)
1	Paper Napkins	150000	67,50,000
	<b>Total</b>		<b>67,50,000</b>

**PROFITABILITY (BEFORE INCOME TAX):**

1	Annual Gross Profit	78,800
2	% of Profit on Sales	1.17%
3	Break Even Analysis	
3.1	Annual Fixed Cost	3,13,200
3.2	Annual Sales	67,50,000
3.3	Annual Variable Cost	61,56,000
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)

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

### 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

### SUPPLIERS OF RAW MATERIALS:

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

### 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