

PROJECT REPORT

Of

NOTEBOOK MAKING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Notebook Making 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.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxx
- 3 Father / Spouse Name : xxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxx State: xxxxxxxx
- Mobile xxxxxx
- 5 Product and By Product : **NOTEBOOK**
- 6 Name of the project / business activity proposed : **NOTEBOOK MAKING UNIT**
- 7 Cost of Project : Rs.24.34 Lakhs
- 8 Means of Finance
- Term Loan Rs.17.91 Lakhs
- Own Capital Rs.2.43 Lakhs
- Working Capital Rs.4 Lakhs
- 9 Debt Service Coverage Ratio : 2.46
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 28%
- 13 Employment : 7 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Jumbo paper rolls, Notebook cover rolls, Other materials(staple pins, glue,etc.)
- 16 Estimated Annual Sales Turnover (Max Capacity) : 155.87 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	5.00
Building / Shed 1000 Sq ft	13.40
Plant & Machinery	1.50
Furniture & Fixtures	4.44
Working Capital	24.34
Total	24.34

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.43
Working Capital(Finance)	4.00
Term Loan	17.91
Total	24.34

NOTEBOOK

Introduction: A notebook (also known as a notepad, writing pad, drawing pad, or legal pad) is a book or stack of paper pages that are often ruled and used for purposes such as recording notes or memoranda, other writing, drawing or scrapbooking. Note books are available in the market in various sizes, shapes & pages. Their sizes vary according to the requirement. Demand of notebook will never come down as its need is still growing exponentially, it's a business that can never suffer a customer loss, and it's a business that can take one to stardom having its production. Notebook is a style of writing where people jot down what they have thought or heard at the spur of moment.



Types of Notebook: In a world in which a touchscreen keypad is the preferred way to communicate, writers, students, business men and women—and anyone with a "To Do" list—still have a need for a word processor that is decidedly low tech: the paper notebook.

- **Spiral:** The spiral notebook is the most common paper notebook. Students are the biggest users, and for good reason. They are cheap. They come in many sizes, with most ranging from 70 to 200 pages. They typically are wire bound and three-hole punched, and their pages are usually perforated for easy removal. The most common size is 8 1/2 by 11 inches. Spiral notebooks contain lined paper, either wide- or college-ruled. Their covers are thin cardboard, polypropylene or flexible plastic.
- **Composition:** The composition notebook is sturdier than the spiral notebook with a thicker cardboard cover. Composition notebooks are book-bound, meaning the pages are sewn and then bound like a book. They usually contain 100 college-ruled pages and measure 9 3/4 by 7 1/2 inches. The pages are not perforated, because they are not designed to be removed.
- **Lab or scientific:** Lab or scientific notebooks are designed to keep a permanent record of scientific progress. Working scientists often use them to document patent claims. They are usually filled with graph paper that contains headings for recording research and experiment details. Soft-cover student notebooks are relatively inexpensive, but hard-bound notebooks used by scientists can cost as much as \$20.
- **Business:** Notebooks used for business often serve two functions: note taking and schedule keeping. Many notebooks in this category contain a built-in planner. They are usually bound in a heavier weight material, such as vinyl or leather, and contain legal-ruled paper.
- **High end:** High-end notebooks feel luxurious inside and out. They contain heavy-weight papers, much more substantial than the flimsy paper found in the common spiral notebook. They are usually hardbound and covered in cloth or moleskin, a heavy cotton fabric with a velvety feel. Some are held tight with elastic closures. They range in size from pocket-sized to over-size. High-end notebooks may be filled with standard lined paper but more often contain blank, dot grid or French-ruled paper. They cost from \$5 to upwards of \$20 per notebook.
- **Novelty or Specialty:** Paper notebooks are offered in as many styles as there are consumers' tastes and uses. Specialty notebooks contain waterproof pages that were originally designed for military use.

"Notebooks" that are technically index card holders are useful for those who prefer to record one thought per card. Notebooks with covers designed by professional artists are valued for their art more than their usefulness. Letter-sized top-bound legal pads with extra stiff cardboard backing make writing easy on the go.

Uses & market analysis: Artists often use large notebooks, which include wide spaces of blank paper appropriate for drawing. Similarly composers utilize notebooks for writing their "lyrics". Lawyers use rather large notebooks known as legal pads that contain lined paper (often yellow) and are appropriate for use on tables and desks. These horizontal lines or "rules" are sometimes classified according to their space apart with "wide rule" the farthest, "college rule" closer, "legal rule" slightly closer and "narrow rule" closest, allowing more lines of text per page. When sewn into a pasteboard backing, these may be called composition books, or in smaller signatures may be called "blue books" or exam books and used for essay exams. Notebook pages can be recycled via standard paper recycling. Recycled notebooks are available, differing in recycled percentage and paper quality.

Global Paper Notebooks market size is estimated to grow at CAGR of almost 9% with USD 18.8 billion during the forecast period 2020-2024. The "YOY (year-over-year) growth rate for 2020 is estimated at 7.5%" by the end of 2024.

Machines & equipments: Major machines are as follows:

Name	Unit	Price
Offset Printing machine	1	325000
Paper sheeter machine	1	250000
Paper folding machine	1	450000
Paper cutting machine	1	195000
Notebook Stapling machine	1	68000
Other machines & equipments	Ls	52000

Raw materials: Major raw materials are as follows:

1. Jumbo paper rolls
2. Notebook cover rolls
3. Other material(staple pins, glue, etc..)
4. Packing material

Average raw material cost for notebook of 160 pages is between 60 to 70 Rs. per notebook.

Manufacturing Process: Every notebook is composed of external cover and pages, the manner in which these two components are connected yields different types of notebooks. There are varied range of machine and methods to manufacture notebook but a general process includes printing press which consists of a roller on which the pattern is mounted, this pattern is supplied with ink and this ink is printed on paper i.e. ruled page lines followed by which its allowed to dry down to prevent any spill marks often in heat chambers. These pages are then cut into the required size based on notebook size and construction and by similar means cover is also printed with required image or detail and cut into required size based on size and construction of notebook. Two page set stapled notebook are cut together and same goes for cover and then simply stapled at center and entire set is then folded with pivot as staples to obtain the required product.

Area: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1000 to 1500Sqft. Civil work cost will be around 5 Lac Rs.(Approx.)

Power Requirement –The power consumption required to run all the machinery could be approximated as 30hp.

Manpower Requirement- There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 7 including 1 Plant operator, 1 unskilled worker , 1 Helper, 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	2.43	-			
Reserve & Surplus	4.67	6.51	8.89	12.95	15.84
Depriciation & Exp. W/off	2.66	2.29	1.98	1.71	1.48
Increase In Cash Credit	4.00				
Increase In Term Loan	17.91	-	-	-	-
Increase in Creditors	1.20	0.16	0.17	0.18	0.19
TOTAL :	32.87	8.96	11.04	14.83	17.50
APPLICATION OF FUND					
Increase in Fixed Assets	19.90	-	-	-	-
Increase in Stock	3.92	0.55	0.58	0.65	0.64
Increase in Debtors	2.17	0.38	0.33	0.39	0.37
Repayment of Term Loan	1.99	3.98	3.98	3.98	3.98
Taxation	-	0.98	1.33	1.94	2.38
Drawings	2.00	2.50	4.00	6.00	9.00
TOTAL :	29.98	8.39	10.22	12.96	16.36
Opening Cash & Bank Balance	-	2.90	3.48	4.30	6.17
Add : Surplus	2.90	0.58	0.82	1.88	1.14
Closing Cash & Bank Balance	2.90	3.48	4.30	6.17	7.31

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	5.10	8.14	11.69	16.70
Add: Additions	2.43	-	-	-	-
Add: Net Profit	4.67	5.53	7.56	11.00	13.46
Less: Drawings	2.00	2.50	4.00	6.00	9.00
Closing Balance	5.10	8.14	11.69	16.70	21.16
CC Limit	4.00	4.00	4.00	4.00	4.00
Term Loan	15.92	11.94	7.96	3.98	-
Sundry Creditors	1.20	1.36	1.54	1.72	1.90
TOTAL :	26.22	25.44	25.19	26.39	27.06
APPLICATION OF FUND					
Fixed Assets (Gross)	19.90	19.90	19.90	19.90	19.90
Gross Dep.	2.66	4.95	6.93	8.64	10.12
Net Fixed Assets	17.24	14.95	12.97	11.26	9.78
Current Assets					
Sundry Debtors	2.17	2.55	2.88	3.27	3.64
Stock in Hand	3.92	4.47	5.04	5.69	6.33
Cash and Bank	2.90	3.48	4.30	6.17	7.31
TOTAL :	26.22	25.44	25.19	26.39	27.06

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	92.80	109.23	123.50	140.04	155.87
Total (A)	92.80	109.23	123.50	140.04	155.87
B) COST OF SALES					
Raw Material Consumed	72.00	81.84	92.16	102.96	114.24
Electricity Expenses	2.28	2.51	2.74	2.97	3.20
Repair & Maintenance	1.86	3.28	3.70	4.20	4.68
Labour & Wages	4.03	4.44	4.92	5.51	6.18
Depreciation	2.66	2.29	1.98	1.71	1.48
Cost of Production	82.83	94.36	105.51	117.35	129.76
Add: Opening Stock /WIP	-	2.72	3.10	3.51	3.98
Less: Closing Stock /WIP	2.72	3.10	3.51	3.98	4.43
Cost of Sales (B)	80.11	93.97	105.10	116.88	129.32
C) GROSS PROFIT (A-B)	12.69	15.26	18.39	23.16	26.55
	13.67%	13.97%	14.89%	16.54%	17.04%
D) Bank Interest (Term Loan)	1.94	1.59	1.15	0.71	0.27
ii) Interest On Working Capital	0.44	0.44	0.44	0.44	0.44
E) Salary to Staff	3.78	4.54	5.44	6.26	6.89
F) Selling & Adm Expenses Exp.	1.86	2.18	2.47	2.80	3.12
TOTAL (D+E)	8.02	8.75	9.50	10.21	10.72
H) NET PROFIT	4.67	6.51	8.89	12.95	15.84
	5.0%	6.0%	7.2%	9.2%	10.2%
I) Taxation	-	0.98	1.33	1.94	2.38
J) PROFIT (After Tax)	4.67	5.53	7.56	11.00	13.46
Raw Material Consumed	Capacity	Rate per sqft.	Amount (Rs.)		
	Utilisation				
I	50%	60.00	72.00		
II	55%	62.00	81.84		
III	60%	64.00	92.16		
IV	65%	66.00	102.96		
V	70%	68.00	114.24		

COMPUTATION OF MAKING OF NOTEBOOK			
Item to be Manufactured	Notebook		
Manufacturing Capacity per day		800	notebooks
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		2,40,000	notebooks
Total Production per Annum		2,40,000	notebooks
Year		Capacity	NOTEBOOK
		Utilisation	
I		50%	1,20,000.00
II		55%	1,32,000.00
III		60%	1,44,000.00
IV		65%	1,56,000.00
V		70%	1,68,000.00

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	4,000.00	4,400.00	4,800.00	5,200.00
Production	1,20,000.00	1,32,000.00	1,44,000.00	1,56,000.00	1,68,000.00
	1,20,000.00	1,36,000.00	1,48,400.00	1,60,800.00	1,73,200.00
Less : Closing Stock(10 Days)	4,000.00	4,400.00	4,800.00	5,200.00	5,600.00
Net Sale	1,16,000.00	1,31,600.00	1,43,600.00	1,55,600.00	1,67,600.00
Sale Price per notebook	80.00	83.00	86.00	90.00	93.00
Sale (in Lacs)	92.80	109.23	123.50	140.04	155.87

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	2.72	3.10	3.51	3.98	4.43
Raw Material					
(5 Days requirement)	1.20	1.36	1.54	1.72	1.90
Closing Stock	3.92	4.47	5.04	5.69	6.33

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.92		
Less:			
Sundry Creditors	1.20		
Paid Stock	2.72	0.27	2.45
Sundry Debtors	2.17	0.22	1.95
Working Capital Requirement			4.40
Margin			0.49
MPBF			4.40
Working Capital Demand			4.00

BREAK UP OF LABOUR				
Particulars		Wages Per Month	No of Employees	Total Salary
Plant Operator		10,000.00	1	10,000.00
Unskilled Worker		8,000.00	1	8,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				32,000.00
Add: 5% Fringe Benefit				1,600.00
Total Labour Cost Per Month				33,600.00
Total Labour Cost for the year (In Rs. Lakhs)			4	4.03

BREAK UP OF SALARY				
Particulars		Salary Per Month	No of Employees	Total Salary
Manager		12,000.00	1	12,000.00
Accountant cum store keeper		10,000.00	1	10,000.00
Sales		8,000.00	1	8,000.00
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year (In Rs. Lakhs)			3	3.78

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	5.00	13.40	1.50	19.90
	-	5.00	13.40	1.50	19.90
		-	-	-	
TOTAL		5.00	13.40	1.50	19.90
Less : Depreciation	-	0.50	2.01	0.15	2.66
WDV at end of Ist year	-	4.50	11.39	1.35	17.24
Additions During The Year	-	-	-	-	-
	-	4.50	11.39	1.35	17.24
Less : Depreciation	-	0.45	1.71	0.14	2.29
WDV at end of IInd Year	-	4.05	9.68	1.22	14.95
Additions During The Year	-	-	-	-	-
	-	4.05	9.68	1.22	14.95
Less : Depreciation	-	0.41	1.45	0.12	1.98
WDV at end of IIIrd year	-	3.65	8.23	1.09	12.97
Additions During The Year	-	-	-	-	-
	-	3.65	8.23	1.09	12.97
Less : Depreciation	-	0.36	1.23	0.11	1.71
WDV at end of IV year	-	3.28	6.99	0.98	11.26
Additions During The Year	-	-	-	-	-
	-	3.28	6.99	0.98	11.26
Less : Depreciation	-	0.33	1.05	0.10	1.48
WDV at end of Vth year	-	2.95	5.95	0.89	9.78

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	17.91	-	17.91	0.49	-	17.91
	IInd Quarter	17.91	-	17.91	0.49	-	17.91
	IIIrd Quarter	17.91	-	17.91	0.49	1.00	16.92
	Ivth Quarter	16.92	-	16.92	0.47	1.00	15.92
					1.94	1.99	
II	Opening Balance						
	Ist Quarter	15.92	-	15.92	0.44	1.00	14.93
	IInd Quarter	14.93	-	14.93	0.41	1.00	13.93
	IIIrd Quarter	13.93	-	13.93	0.38	1.00	12.94
	Ivth Quarter	12.94		12.94	0.36	1.00	11.94
					1.59	3.98	
III	Opening Balance						
	Ist Quarter	11.94	-	11.94	0.33	1.00	10.95
	IInd Quarter	10.95	-	10.95	0.30	1.00	9.95
	IIIrd Quarter	9.95	-	9.95	0.27	1.00	8.96
	Ivth Quarter	8.96		8.96	0.25	1.00	7.96
					1.15	3.98	
IV	Opening Balance						
	Ist Quarter	7.96	-	7.96	0.22	1.00	6.97
	IInd Quarter	6.97	-	6.97	0.19	1.00	5.97
	IIIrd Quarter	5.97	-	5.97	0.16	1.00	4.98
	Ivth Quarter	4.98		4.98	0.14	1.00	3.98
					0.71	3.98	
V	Opening Balance						
	Ist Quarter	3.98	-	3.98	0.11	1.00	2.99
	IInd Quarter	2.99	-	2.99	0.08	1.00	1.99
	IIIrd Quarter	1.99	-	1.99	0.05	1.00	1.00
	Ivth Quarter	1.00		1.00	0.03	1.00	0.00
					0.27	3.98	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	7.33	7.82	9.54	12.71	14.94
Interest on Term Loan	1.94	1.59	1.15	0.71	0.27
Total	9.27	9.41	10.69	13.42	15.21
<u>REPAYMENT</u>					
Repayment of Term Loan	1.99	3.98	3.98	3.98	3.98
Interest on Term Loan	1.94	1.59	1.15	0.71	0.27
Total	3.93	5.57	5.13	4.69	4.25
DEBT SERVICE COVERAGE RATIO	2.36	1.69	2.08	2.86	3.58
AVERAGE D.S.C.R.			2.46		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	30	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				4,02,840.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				4.57
	Year	Capacity		Amount
				(in Lacs)
	I	50%		2.28
	II	55%		2.51
	III	60%		2.74
	IV	65%		2.97
	V	70%		3.20

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