

PROJECT REPORT

Of

NOTEBOOK BINDING

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Notebook Binding**.

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 : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
Pin: xxxxxxxx State: xxxxxxxxxxxx
Mobile xxxxxxxx
- 5 Product and By Product : **Books and Notebooks Binding**
- 6 Name of the project / business activity proposed : **Notebooks Binding**
- 7 Cost of Project : Rs.9.83 Lakhs
- 8 Means of Finance
Term Loan Rs.7.85 Lakhs
KVIC MARGIN MONEY As per Project Eligibility
Own Capital Rs.0.98 Lakhs
Working Capital Rs.1 Lakhs
- 9 Debt Service Coverage Ratio : 1.97
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 48%
- 13 Employment : 3 Persons
- 14 Power Requirement : 5 KW
- 15 Major Raw materials : Paper, Binding Cloth, Card Board, Gum , Stitching Threads etc
- 16 Estimated Annual Sales Turnover (Max Utilized Capacity) : 15.96 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 800-1000 sq ft	4.00
Plant & Machinery	4.22
Furniture & Fixtures	0.50
Working Capital Requirement	1.11
Total	9.83

MEANS OF FINANCE

Particulars	Amount
Own Contribution@10%	0.98
Term Loan	7.85
Working Capital	1.00
Total	9.83

	General	Special
Beneficiary Margin Money (% of Project Cost)	10%	5%

NOTEBOOK BINDING BUSINESS



INTRODUCTION:

Binding of books and Note Books etc. have an unending demand. This industry is light in nature and involves less power. Investment on machinery and hand tools / equipment is very less. This industry can be set-up in small covered area. A little bit of training in this line can give confidence to an individual to take up the project.

MARKET POTENTIAL

The major demand of book bindings and note books is from the students and commercial establishments. Normally, the market is through retail outlets and also through Super Bazars, Kendriya Bhandars. Manufacturers can also tie up with other establishments for sales. There is a very good demand for note books and book bindings in rural, semi-urban and urban area since Government is giving emphasis on education and has opened number of schools and colleges in remote villages.

PROCESS OF MANUFACTURE

White Paper and Card Board of different weights are required for note books and binding of books. For binding of books, binding cloth, flowered coloured sheets, glue and thread etc. are required. Rolled sheets of paper and Paper Boards are purchased from the market. The paper and paper board are then cut to size in the cutting machine. The papers are then stitched and bound with the help of glue and thread etc.

FINANCIAL ASPECTS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	1.27	2.02	2.94	4.16
Add: Additions	0.98	-	-	-	-
Add: Net Profit	0.79	1.75	2.67	3.72	4.79
Less: Drawings	0.50	1.00	1.75	2.50	3.50
Closing Balance	1.27	2.02	2.94	4.16	5.45
CC Limit	1.00	1.00	1.00	1.00	1.00
Term Loan	6.98	5.23	3.49	1.74	-
Sundry Creditors	0.05	0.05	0.06	0.07	0.08
TOTAL :	9.29	8.30	7.49	6.97	6.53
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	8.72	8.72	8.72	8.72	8.72
Gross Dep.	1.08	2.03	2.85	3.56	4.19
Net Fixed Assets	7.64	6.69	5.87	5.16	4.53
Current Assets					
Sundry Debtors	0.95	0.73	0.83	0.95	1.06
Stock in Hand	0.21	0.23	0.27	0.31	0.35
Cash and Bank	0.50	0.65	0.51	0.56	0.59
TOTAL :	9.29	8.30	7.49	6.97	6.53
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale(Book Binding)	9.45	10.92	12.50	14.18	15.96
Total (A)	9.45	10.92	12.50	14.18	15.96
B) COST OF SALES					
Raw Material Consumed	2.08	2.29	2.75	3.12	3.51
Electricity Expenses	0.68	0.72	0.77	0.81	0.86
Repair & Maintenance	0.05	0.05	0.06	0.07	0.08
Labour & Wages	2.31	2.36	2.59	2.85	3.14
Depreciation	1.08	0.94	0.82	0.72	0.63
Cost of Production	6.19	6.37	6.99	7.57	8.21
Add: Opening Stock /WIP	-	-	-	-	-
Less: Closing Stock /WIP	-	-	-	-	-
Cost of Sales (B)	6.19	6.37	6.99	7.57	8.21
C) GROSS PROFIT (A-B)					
	3.26	4.55	5.50	6.61	7.75
	34.45%	41.69%	44.06%	46.62%	48.57%
D) Bank Interest (Term Loan)	0.85	0.70	0.50	0.31	0.12
ii) Interest On Working Capital	0.11	0.11	0.11	0.11	0.11
E) Salary to Staff	1.32	1.45	1.60	1.76	1.93
F) Selling & Adm Expenses Exp.	0.19	0.55	0.62	0.71	0.80
TOTAL (D+E)	2.47	2.80	2.84	2.89	2.96
G) NET PROFIT	0.79	1.75	2.67	3.72	4.79
	8.3%	16.0%	21.4%	26.2%	30.0%
H) Taxation	-	-	-	-	-
I) PROFIT (After Tax)	0.79	1.75	2.67	3.72	4.79

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution@10%	0.98	-			
Net Profit	0.79	1.75	2.67	3.72	4.79
Depreciation & Exp. W/off	1.08	0.94	0.82	0.72	0.63
Increase In Cash Credit	1.00				
Increase In Term Loan	7.85	-	-	-	-
Increase in Creditors	0.05	0.00	0.01	0.01	0.01
TOTAL :	11.75	2.70	3.50	4.45	5.43
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.72	-	-	-	-
Increase in Stock	0.21	0.02	0.05	0.04	0.04
Increase in Debtors	0.95	- 0.22	0.11	0.11	0.12
Repayment of Term Loan	0.87	1.74	1.74	1.74	1.74
Taxation	-	-	-	-	-
Drawings	0.50	1.00	1.75	2.50	3.50
TOTAL :	11.24	2.55	3.64	4.39	5.40
Opening Cash & Bank Balance	-	0.50	0.65	0.51	0.56
Add : Surplus	0.50	0.15	- 0.14	0.05	0.02
Closing Cash & Bank Balance	0.50	0.65	0.51	0.56	0.59

COMPUTATION OF PROVIDING NOTEBOOK BINDING**Services to be Provided****Books and Notebooks Binding**

Full Capacity per day		350.00	Book Binding
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Book Binding per Annum		105,000.00	Book Binding
Year		Capacity	Notebooks Binding
		Utilisation	
I		75%	78,750
II		80%	84,000
III		85%	89,250
IV		90%	94,500
V		95%	99,750

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
Raw Material					
(30 Days requirement)	0.21	0.23	0.27	0.31	0.35
Closing Stock	0.21	0.23	0.27	0.31	0.35

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	0.21		
Less:			
Sundry Creditors	0.05		
Paid Stock	0.16	0.02	0.14
Sundry Debtors	0.95	0.09	0.86
Working Capital Requirement			1.00
Margin			0.11
MPBF			1.00
Working Capital Demand			1.00

BREAK UP OF LABOUR

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Plant Operator	10,000.00	1.00	10,000.00
Unskilled Worker	7,500.00	1.00	7,500.00
			17,500.00
Add: 10% Fringe Benefit			1,750.00
Total Labour Cost Per Month			19,250.00
Total Labour Cost for the year (In Rs. Lakhs)		2	2.31

BREAK UP OF SALARY

Particulars	Salary	No of	Total
	Per Month	Employees	Salary
Administrative Staff	10,000.00	1	10,000.00
Total Salary Per Month			10,000.00
Add: 10% Fringe Benefit			1,000.00
Total Salary for the month			11,000.00
Total Salary for the year (In Rs. Lakhs)		1	1.32

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance		Own/Rented	-	-	-
Addition	-	4.00	4.22	0.50	8.72
	-	4.00	4.22	0.50	8.72
TOTAL		4.00	4.22	0.50	8.72
Less : Depreciation	-	0.40	0.63	0.05	1.08
WDV at end of 1st year	-	3.60	3.59	0.45	7.64
Additions During The Year	-	-	-	-	-
	-	3.60	3.59	0.45	7.64
Less : Depreciation	-	0.36	0.54	0.05	0.94
WDV at end of II nd Year	-	3.24	3.05	0.41	6.69
Additions During The Year	-	-	-	-	-
	-	3.24	3.05	0.41	6.69
Less : Depreciation	-	0.32	0.46	0.04	0.82
WDV at end of III rd year	-	2.92	2.59	0.36	5.87
Additions During The Year	-	-	-	-	-
	-	2.92	2.59	0.36	5.87
Less : Depreciation	-	0.29	0.39	0.04	0.72
WDV at end of IV th year	-	2.62	2.20	0.33	5.16
Additions During The Year	-	-	-	-	-
	-	2.62	2.20	0.33	5.16
Less : Depreciation	-	0.26	0.33	0.03	0.63
WDV at end of V th year	-	2.36	1.87	0.30	4.53

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter		7.85	7.85	0.22	-	7.85
	IInd Quarter	7.85	-	7.85	0.22	-	7.85
	IIIRD Quarter	7.85	-	7.85	0.22	0.44	7.41
	Ivth Quarter	7.41	-	7.41	0.20	0.44	6.98
					0.85	0.87	
II	Opening Balance						
	Ist Quarter	6.98	-	6.98	0.19	0.44	6.54
	IInd Quarter	6.54	-	6.54	0.18	0.44	6.10
	IIIRD Quarter	6.10	-	6.10	0.17	0.44	5.67
	Ivth Quarter	5.67	-	5.67	0.16	0.44	5.23
					0.70	1.74	
III	Opening Balance						
	Ist Quarter	5.23	-	5.23	0.14	0.44	4.80
	IInd Quarter	4.80	-	4.80	0.13	0.44	4.36
	IIIRD Quarter	4.36	-	4.36	0.12	0.44	3.92
	Ivth Quarter	3.92	-	3.92	0.11	0.44	3.49
					0.50	1.74	
IV	Opening Balance						
	Ist Quarter	3.49	-	3.49	0.10	0.44	3.05
	IInd Quarter	3.05	-	3.05	0.08	0.44	2.62
	IIIRD Quarter	2.62	-	2.62	0.07	0.44	2.18
	Ivth Quarter	2.18	-	2.18	0.06	0.44	1.74
					0.31	1.74	
V	Opening Balance						
	Ist Quarter	1.74	-	1.74	0.05	0.44	1.31
	IInd Quarter	1.31	-	1.31	0.04	0.44	0.87
	IIIRD Quarter	0.87	-	0.87	0.02	0.44	0.44
	Ivth Quarter	0.44	-	0.44	0.01	0.44	-
					0.12	1.74	
	Door to Door Period	60	Months				
	Moratorium Period	6	Months				
	Repayment Period	54	Months				

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	1.87	2.69	3.49	4.44	5.42
Interest on Term Loan	0.85	0.70	0.50	0.31	0.12
Total	2.72	3.39	3.99	4.75	5.54
REPAYMENT					
Repayment of Term Loan	0.87	1.74	1.74	1.74	1.74
Interest on Term Loan	0.85	0.70	0.50	0.31	0.12
Total	1.72	2.44	2.25	2.06	1.86
DEBT SERVICE COVERAGE RATIO	1.58	1.39	1.78	2.31	2.97
AVERAGE D.S.C.R.			1.97		

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COMPUTATION OF SALES

Particulars	I	II	III	IV	V
Total Book Binding per Annum	78,750.00	84,000.00	89,250.00	94,500.00	99,750.00
	-	-	-	-	-
Average Rate of Book Binding	12.00	13.00	14.00	15.00	16.00
Sale (in Lacs) Book Binding	9.45	10.92	12.50	14.18	15.96

COMPUTATION OF ELECTRICITY**(A) POWER CONNECTION**

Total Working Hour per day	Hours	8	
Electric Load Required	KW	5	
Electricity Charges	per unit	7.50	
Total Working Days		300	
Electricity Charges			0.90
Add : Minimim Charges (@ 10%)			

(B) DG set

No. of Working Days		300	days
No of Working Hours		-	Hour per day
Total no of Hour		-	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		-	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		-	
Add : Lube Cost @15%		-	
Total		-	

Total cost of Power & Fuel at 100% 0.90

Year	Capacity	Amount (in Lacs)
-	75%	0.68
-	80%	0.72
-	85%	0.77
-	90%	0.81
-	95%	0.86

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	9.45	10.92	12.50	14.18	15.96
Less : Op. WIP Goods	-	-	-	-	-
Add : Cl. WIP Goods	-	-	-	-	-
Total Sales	9.45	10.92	12.50	14.18	15.96
Variable & Semi Variable Exp.					
Raw Material & Tax	2.08	2.29	2.75	3.12	3.51
Electricity Exp/Coal Consumption at 85%	0.57	0.61	0.65	0.69	0.73
Wages & Salary at 60%	2.18	2.28	2.51	2.76	3.04
Selling & administrative Expenses 80%	0.15	0.44	0.50	0.57	0.64
ii) Interest On Working Capital	0.11	0.11	0.11	0.11	0.11
Repair & Maintenance	0.05	0.05	0.06	0.07	0.08
Total Variable & Semi Variable Exp	5.14	5.79	6.58	7.32	8.11
Contribution	4.31	5.13	5.91	6.86	7.85
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.10	0.11	0.11	0.12	0.13
Wages & Salary at 40%	1.45	1.52	1.68	1.84	2.03
Interest on Term Loan	0.85	0.70	0.50	0.31	0.12
Depreciation	1.08	0.94	0.82	0.72	0.63
Selling & administrative Expenses 20%	0.04	0.11	0.12	0.14	0.16
Total Fixed Expenses	3.53	3.38	3.24	3.13	3.06
Capacity Utilization	75%	80%	85%	90%	95%
OPERATING PROFIT	0.79	1.75	2.67	3.72	4.79
BREAK EVEN POINT	61%	53%	47%	41%	37%
BREAK EVEN SALES	7.73	7.19	6.85	6.48	6.22

FINANCIAL INDICATORS					
PARTICULARS	I	II	III	IV	V
TURNOVER	9.45	10.92	12.50	14.18	15.96
GROSS PROFIT	3.26	4.55	5.50	6.61	7.75
G.P. RATIO	34.45%	41.69%	44.06%	46.62%	48.57%
NET PROFIT	0.79	1.75	2.67	3.72	4.79
PAT/SALES RATIO	8.31%	16.02%	21.36%	26.25%	30.02%
CURRENT ASSETS	1.66	1.61	1.62	1.82	2.00
CURRENT LIABILITIES	1.05	1.05	1.06	1.07	1.08
CURRENT RATIO	1.58	1.53	1.52	1.70	1.85
TERM LOAN	6.98	5.23	3.49	1.74	-
TOTAL NET WORTH	1.27	2.02	2.94	4.16	5.45
DEBT/EQUITY	5.50	2.59	1.19	0.42	-
TOTAL NET WORTH	1.27	2.02	2.94	4.16	5.45
TOTAL OUTSIDE LIABILITIES	8.02	6.28	4.55	2.82	1.08
TOL/TNW	6.32	3.11	1.55	0.68	0.20
PBDIT	2.83	3.50	4.10	4.86	5.65
INTEREST	0.96	0.81	0.61	0.42	0.23
INTEREST COVERAGE RATIO	2.94	4.34	6.69	11.52	24.58
WDV	7.64	6.69	5.87	5.16	4.53
TERM LOAN	6.98	5.23	3.49	1.74	-
FACR	1.09	1.28	1.68	2.96	-

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Mild Steel Paperboard Cutting Machine	1	205000	205,000.00
Ruling Machine	1	70000	70,000.00
Mild Steel Manual Press Brake screw type	1	72000	72,000.00
Wire Stitching Machine	1	55000	55,000.00
Other Tools & Equipments		20000	20,000.00
Total Cost			422,000.00

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