

PROJECT REPORT

Of

PAPER CLIP

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Paper Clip 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.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **PAPER CLIP**
- 6 Name of the project / business activity proposed : **PAPER CLIP MANUFACTURING UNIT**
- 7 Cost of Project : Rs.14.79 Lakhs
- 8 Means of Finance
- Term Loan Rs.8.28 Lakhs
- Own Capital Rs.1.48 Lakhs
- Working Capital Rs.5.03 Lakhs
- 9 Debt Service Coverage Ratio : 3.41
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 37%
- 13 Employment : 9 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Galvanized Steel Wire
- 16 Estimated Annual Sales Turnover (Max Capacity) : 141.45 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	7.70
Furniture & Fixtures	1.50
Working Capital	5.59
Total	14.79

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.48
Working Capital(Finance)	5.03
Term Loan	8.28
Total	14.79

PAPER CLIP MANUFACTURING UNIT

Introduction:

A paper clip is a curved piece of wire in a certain way that is used to temporarily or permanently bond several paper sheets together. Paper clips usually have an oblong shape with straight sides, but may also be triangular or circular, or have more elaborate shapes. The most common material is steel or some other metal, but molded plastic is also used. Some other kinds of paper clip use a two-piece clamping system. Recent innovations include multi-colored plastic-coated paper clips and spring-fastened binder clips. The advantage of this device over others is that it practically leaves no traces and does not reliably damage the material being joined. And the sale of this type of stationery in bulk in almost every country for a year is tens of millions and billions. In the same offices, a paper clip is used not only as a fastener, but also to cover the holes in the nose of the tube with glue (clerical or PVA). This allows you to protect it from drying out, and the hole itself - from blocking it with an adhesive mass. And if, however, the nose is clogged, then with the same paper clip you can clean it and thereby avoid cutting off a fairly large part of it. A paper clip also harmoniously fits into various sockets of various household appliances and electronics.



Uses & Market Potential:

A paper clip is a curved piece of wire in a certain way that is used to temporarily or permanently bond several paper sheets together. A paper clip also harmoniously fits into various sockets of various household appliances and electronics. Temporarily it can be used with a blown fuse, or as a plug for the antenna to the TV. The market potential for paper clip is vast because of the still existing paper based needs of the consumers. The global paper product market is expected to grow from INR 61,004 billion in 2020 to INR 64,502 billion in 2021 at a CAGR of about 5%. The industry growth is mainly due to the companies rearranging their operations and recovering from the COVID -19 impact, the market is expected to reach INR 78,690 billion in 2025 at a CAGR of 5%. In countries such as India for instance, e-commerce portals have boosted the sales of paper products and paper pin manufactures by giving larger exposure to producers who were confined to one geography.

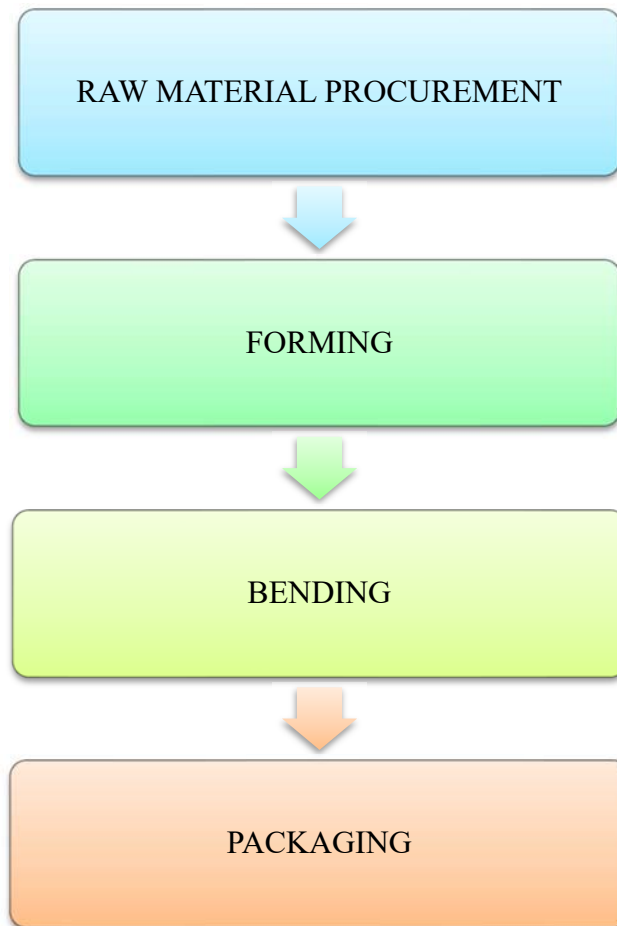
Product:

Paper Clip

Raw Material:

The only raw materials required for the manufacture of the Paper Clip are galvanized steel wire.

Manufacturing Process:



Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1200-1800Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Paper Clip Making Machine	4	70000	280000
Conveyor	2	170000	340000
Air Compressor	1	150000	150000
Total Amount			770000

Power Requirement- The estimated Power requirement is taken at 20 HP.

Manpower Requirement- Following manpower is required:

- Machine operator-1
- Skilled/unskilled worker-2
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	87.00	101.66	114.23	127.51	141.45
Total (A)	87.00	101.66	114.23	127.51	141.45
<u>B) COST OF SALES</u>					
Raw Material Consumed	63.00	70.69	78.62	86.89	95.42
Electricity Expenses	2.24	2.46	2.69	2.91	3.13
Repair & Maintenance	2.18	2.54	2.86	3.19	3.54
Labour & Wages	8.69	10.43	12.31	14.28	16.28
Depreciation	1.31	1.12	0.96	0.82	0.70
Cost of Production	77.41	87.24	97.43	108.09	119.07
Add: Opening Stock /WIP	-	2.58	2.91	3.25	3.60
Less: Closing Stock /WIP	2.58	2.91	3.25	3.60	3.97
Cost of Sales (B)	74.83	86.91	97.09	107.73	118.71
C) GROSS PROFIT (A-B)	12.17	14.75	17.14	19.78	22.75
	13.99%	14.51%	15.01%	15.51%	16.08%
D) Bank Interest i) (Term Loan)	0.90	0.73	0.53	0.33	0.13
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	4.79	5.84	7.01	7.85	9.03
F) Selling & Adm Expenses Exp.	1.91	2.54	2.86	3.57	4.24
G) TOTAL (D+E+F)	8.15	9.67	10.95	12.30	13.95
H) NET PROFIT	4.01	5.08	6.19	7.48	8.79
	4.6%	5.0%	5.4%	5.9%	6.2%
I) Taxation	-	-	0.38	0.65	0.92
J) PROFIT (After Tax)	4.01	5.08	5.81	6.83	7.87

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.48	-	-	-	-
Reserve & Surplus	4.01	5.08	6.19	7.48	8.79
Depreciation & Exp. W/off	1.31	1.12	0.96	0.82	0.70
Increase In Cash Credit	5.03	-	-	-	-
Increase In Term Loan	8.28	-	-	-	-
Increase in Creditors	3.15	0.38	0.40	0.41	0.43
TOTAL :	23.26	6.58	7.54	8.71	9.92
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	9.20	-	-	-	-
Increase in Stock	4.68	1.76	0.74	0.77	0.79
Increase in Debtors	4.06	0.68	0.59	0.62	0.65
Repayment of Term Loan	0.92	1.84	1.84	1.84	1.84
Taxation	-	-	0.38	0.65	0.92
Drawings	3.00	3.50	4.00	4.50	6.00
TOTAL :	21.86	7.79	7.54	8.37	10.20
Opening Cash & Bank Balance	-	1.40	0.19	0.20	0.53
Add : Surplus	1.40	- 1.21	0.00	0.34	- 0.28
Closing Cash & Bank Balance	1.40	0.19	0.20	0.53	0.25

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	2.58	2.91	3.25	3.60	3.97
<u>Raw Material</u>					
(10 Days requirement)	2.10	3.53	3.93	4.34	4.77
Closing Stock	4.68	6.44	7.18	7.95	8.74

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.68		
Less:			
Sundry Creditors	3.15		
Paid Stock	1.53	0.15	1.38
Sundry Debtors	4.06	0.41	3.65
Working Capital Requirement			5.03
Margin			0.56
MPBF			5.03
Working Capital Demand			5.03

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	8.28	8.28	0.23	-	8.28
	Iind Quarter	8.28	-	8.28	0.23	-	8.28
	IIIrd Quarter	8.28	-	8.28	0.23	0.46	7.82
	Ivth Quarter	7.82	-	7.82	0.22	0.46	7.36
					0.90	0.92	
II	Opening Balance						
	Ist Quarter	7.36	-	7.36	0.20	0.46	6.90
	Iind Quarter	6.90	-	6.90	0.19	0.46	6.44
	IIIrd Quarter	6.44	-	6.44	0.18	0.46	5.98
	Ivth Quarter	5.98		5.98	0.16	0.46	5.52
					0.73	1.84	
III	Opening Balance						
	Ist Quarter	5.52	-	5.52	0.15	0.46	5.06
	Iind Quarter	5.06	-	5.06	0.14	0.46	4.60
	IIIrd Quarter	4.60	-	4.60	0.13	0.46	4.14
	Ivth Quarter	4.14		4.14	0.11	0.46	3.68
					0.53	1.84	
IV	Opening Balance						
	Ist Quarter	3.68	-	3.68	0.10	0.46	3.22
	Iind Quarter	3.22	-	3.22	0.09	0.46	2.76
	IIIrd Quarter	2.76	-	2.76	0.08	0.46	2.30
	Ivth Quarter	2.30		2.30	0.06	0.46	1.84
					0.33	1.84	
V	Opening Balance						
	Ist Quarter	1.84	-	1.84	0.05	0.46	1.38
	Iind Quarter	1.38	-	1.38	0.04	0.46	0.92
	IIIrd Quarter	0.92	-	0.92	0.03	0.46	0.46
	Ivth Quarter	0.46		0.46	0.01	0.46	-
					0.13	1.84	

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
<u>CASH ACCRUALS</u>	5.32	6.20	6.77	7.65	8.58
Interest on Term Loan	0.90	0.73	0.53	0.33	0.13
Total	6.22	6.93	7.30	7.98	8.70
<u>REPAYMENT</u>					
Repayment of Term Loan	0.92	1.84	1.84	1.84	1.84
Interest on Term Loan	0.90	0.73	0.53	0.33	0.13
Total	1.82	2.57	2.37	2.17	1.97
DEBT SERVICE COVERAGE RATIO	3.42	2.69	3.08	3.68	4.43
AVERAGE D.S.C.R.			3.41		

Assumptions:

1. Production Capacity of Paper Clips Manufacturing unit is taken at 4000 Pcs per day. First year, Capacity has been taken @ 50%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 20 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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