

PROJECT PROFILE

ON

CARD BOARD BOXES

Month & Year
July 2010

**PREPARED BY
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Supported by

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STIFTUNG **FÜR DIE FREIHEIT**

CARD BOARD BOXES

INTRODUCTION

Card Board Boxes of various shapes and sizes are used in packing of medicines. Cosmetics, electrical equipment, electrical appliances, auto parts and other consumer goods. These boxes are also used in packing ready made garments, shirts, trousers, sarees etc. This project envisages card board boxes for packing garment materials in view of the demand it has created.

PRODUCT USES

The main use of the product envisaged is for packing ready made garments, shirts, pants sarees and other clothing materials.

MARKET POTENTIAL

The demand for clothing materials has increased multifold. Over 50% of the paper produced in the country is used for packaging purposes. With the industrial development in the country, the economic condition of the people has improved substantially and they want to have the taste of stylish life. The demand for dress material and clothing has, therefore, increased by leaps and bounds. For packing these material multi-coloured card board boxes are required in large quantities. There would be no problem in marketing these card board boxes.

TECHNICAL ASPECTS

INSTALLED CAPACITY

The installed capacity of the unit is estimated at 300000 cartons per annum of 300 days working on a single shift basis of 8 hours.

PLANT AND MACHINERY

Sl. No	Machinery Description	Qty	Value
1.	Cutting & Creasing Machine 20" x 26"	1	368000
2.	Paper cutting Machine 36" with 2 HP motor	1	92000
	TOTAL		460000

MANUFACTURING PROCESS

Paper board is first printed on the printing M/c as per requirements. These are then die punched to required size on the cutting M/c. These are then folded glued to give it a final shape. Printing can be done on job work.

RAW MATERIALS

Sl. No	Material	Rate	Requirement Value	Value
1.	Paper board sheets 25" x 30" (Rate / Board) 250 GSM	5.90	300000	17.70
2.	Paper coloured & White (Rate / sheet) 44 GSM 18" x23" sheet	0.60	300000	1.80
	Glue & Printing charges			0.85
	TOTAL			20.35

LAND & BUILDING

Built up area-Sq. ft	1000
Rent p.m.-Rs	10000
Advance-10 months. Rs	100000

UTILITIES

Power:

Power required is 750 units/month = 9000 KW per annum.

Water:

Water is required for human consumption only.

Man Power:

Category	Nos.	Monthly Salary	Total monthly Salary
Supervisor	1	8000	8000
Accountant	1	6000	6000
Skilled Workers	2	6000	12000
Unskilled workers	2	4000	8000
Sales man	1	6000	6000
			40000
Add : Benefits	20%		8000
Total			48000
Total wages per annum [Rs.lakhs]			Rs.5.76

IMPLEMENTATION SCHEDULE

The machines are obtainable from supplier within two months period. The project can be implemented in two months.

COST OF PRODUCTION & PROFITABILITY

ASSUMPTIONS

Installed capacity	1000 cartons per day, 300000 cartons per annum.
Capacity utilisation	Year-1-60% Year -2 -70% Year-3 onwards- 80%
Selling price	Rs.12.50 per box.
Raw materials	Rs. 20.35 lakhs at 100% utilisation.
Power	Rs. 0.47 lakh per annum at 100%
Wages and salaries	Rs. 5.76 lakhs as per the break up given above with increase of 5% every year.

Repairs and Maintenance	Rs. 0.09 lakh per annum with annual increase of 10%.
Depreciation	Written down value method -15 % on machinery
Selling general and administrative expenses	Rs.2.16 lakhs for the first year and it will be increasing by 5% on every year.
Interest on Term loan	12% per annum
Interest on working capital	12 % per annum
Income tax	33.22 % on profits

LIST OF MACHINERY SUPPLIERS

1. Standard Machinery Marketing Co. Pvt. Ltd, Shanthi Building, No.43, Mount Road, Chennai 600 002.
2. Sathya Machinery Corporation, No.38/51, Kandappa Chetty Street, Chennai 600 001.
3. Indo Europa Trading company Pvt Ltd, 21,SunkuramaChetty street, Chennai 600 001

LIST OF RAW MATERIAL SUPPLIERS

1. Geethanjali paper & boards Pvt. Ltd., No.4, Subbu Naidu Street, Chennai 600 112
2. Valliappa & Co., No.19/2 Stringers Street, Chennai 600 108.

FINANCIAL ASPECTS

1. COST OF PROJECT

	[Rs.lakhs]
Land & Building (Advance)	1.00
Plant & Machinery	4.60
Other Misc. assets	0.20
Pre-Operative expenses	0.30
Margin for WC	0.60
	<hr/>
	6.70

2. MEANS OF FINANCE

Capital	3.25
Term Loan	3.45
	<hr/>
	6.70

3. COST OF PRODUCTION & PROFITABILITY STATEMENTS

Years	1	2	3
Installed Capacity (No.)	300000	300000	300000
Utilisation	60%	70%	80%
Production/Sales (No.)	180000	210000	240000
Selling Price	Rs.12.50 per box		
Sales Value (Rs.lakhs)	22.50	26.25	30.00
Raw Materials	12.21	14.25	16.28
Power	0.28	0.33	0.38
Wages & Salaries	5.76	6.05	6.35
Repairs & Maintenance	0.09	0.10	0.11
Depreciation	0.69	0.59	0.50
Cost of Production	<hr/>	<hr/>	<hr/>
	19.03	21.32	23.62

Selling, Admin, & General expenses	2.16	2.27	2.38
Interest on Term Loan	0.41	0.36	0.26
Interest on Working Capital	0.33	0.33	0.33
Total	21.93	24.28	26.59
Profit Before Tax	0.57	1.97	3.41
Provision for tax	0.00	0.65	1.13
Profit After Tax	0.57	1.32	2.28
Add: Depreciation	0.69	0.59	0.50
Cash Accruals	1.26	1.91	2.78

4. WORKING CAPITAL:

	Months Consumptions	Values	%	Margin Amount	Bank Finance
Raw Materials	1.00	1.02	25%	0.26	0.76
Finished goods	0.25	0.40	25%	0.10	0.30
Debtors	1.00	1.88	10%	0.19	1.69
Expenses	1.00	0.05	100%	0.05	0.00
		3.35		0.60	2.75

6. PROFITABILITY RATIOS BASED ON 80% UTILISATION

<u>Profit after Tax</u>	=	<u>2.28</u>	8%
Sales		30.00	
<u>Profit before Interest and Tax</u>	=	<u>4.00</u>	42%
Total Investment		9.45	
<u>Profit after Tax</u>	=	<u>2.28</u>	70%
Promoters Capital		3.25	

7. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	6.35
Repairs & Maintenance	0.11
Depreciation	0.50
Admin. & General expenses	2.38
Interest on TL	0.26
	<u>9.60</u>

Profit Before Tax (P)

3.41

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{FC} + \text{P}} = \frac{9.60}{13.01} \times \frac{80}{100} \times 100$$

59% of installed capacity