PROJECT PROFILE

ON

COMPUTER CONTINUOUS STATIONERY PRINTING

Month & Year
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PREPARED BY

TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032

Supported by

Friedrich Naumann STIFTUNG FÜR DIE FREIHEIT

COMPUTER CONTINUOUS STATIONERY PRINTING

INTRODUCTION

This is an age of computers. Computerization is being carried out at an ever increasing rate in all the fields. The consumption of computer stationery has been increasing due to the following reasons:

(a) The demand for computer stationery and computer forms is dependent on overall growth of computers and usage of computers.
(b) Computer in modern world has emerged as a major driving force for the progress of a nation.
(c) No machine has ever undergone such a rapid change over last forty years to the extent the computer has.

The modern computer is known as Fifth Generation Computer. It is small in size (as small as the briefcase in the case of note book computer) speedy and are having a large memory.

The computer is used for preparing pay rolls, Inventory controls, Statistical quality control, Building management and Information System for Production Planning and Control, Project Monitoring and Design Calculations, Analysing and Tabulating data, Monitoring examinations and their results, Storing and Forwarding telegrams, Handling Reservations in Railways and Airlines, Repair of Locomotives, Control of freight movement, Deposit and Credit Management and so on.

The computer industry has been registering remarkable growth as high as 48% during the past 3 years. The computer has been well accepted in all walks of life and, therefore, there is an immediate necessity for making available large number

of computers in-houses, schools, business houses, industries, hotels, hospitals, trading houses etc.

PRODUCT SPECIFICATION & USES

IS: 12799 – 1989 prescribes the requirements and methods of sampling and tests for computer papers for use on computer printers or similar machines for recording, transmitting, reproducing and storage of data. The other relevant standards for quality are as follows:

i. Methods of sampling and test for paper are dealt in
   IS : 1060 (Part I) – 1966 (revised) and
   IS : 1060 (Part II) 1060
ii. The quality of computer paper shall be in accordance with IS : 1848 – 1981
iii. The paper is tested for fibre content in accordance with IS : 5285 – 1969
iv. The smoothness/roughness of paper is checked in accordance with IS : 9894 – 1981
v. Various requirements for computer paper such as Bulk, Moisture content, Ash content, Tensile index, Burst index, Tear Index, one minute cobb test, opacity percentage, are specified in IS : 12766 – 1989 and tested in accordance with IS : 1060 (Part I) – 1966. The other characteristics like Brightness and smoothness, which are also specified in IS : 1060 (Part II) and IS : 9894.

The proposed project can produce blank forms, EZR and multi-coloured pre-printed forms of all standard sizes required for use in computer and EDP machines such as invoice, challans, receipts, pay slips, statements, bank statements, insurance railway defence forms, allotment letter etc.

MARKET POTENTIAL

Since 1984, India has witnessed an unprecedented computer boom. Along with it boomed another industry - computer stationery manufacturing. According to available estimates, on an average, each computer consumes 4000 computer forms

every month. With over 2.2 million computers sold in Indian market every month in the Indian market, the demand for computer forms works out to a staggering 8.8 billion forms additionally monthly.

The computer forms industry is one of India's fastest growing industries having a volume growth rate of approximately 30% per annum as against the Indian industry's average growth rate of 5%.

As of now, only 7% of the urban population in India has access to computers. This translates to only 2.3% of the entire Indian population. The computer stationery consumption has already reached a staggering 3600 crores. And this is only the tip of the iceberg. Everyone, from the street corner-restaurant to the big corporations, is using computers. States like Andhra and Karnataka are creating an atmosphere favorable enough for giants like Microsoft to shift their bases to India. All the States are promoting infotech parks to promote e-commerce.

The computers are widely used in all the areas of business and service industries like Airlines, Railways, Hotel industries etc. The following applications of computers have developed in India:

1. **Elementary Tasks:**
    a. For preparing Pay rolls
    b. For inventory controls
    c. For Statistical Quality Control
    d. For Building Management Information System
    e. For Production Planning and Control
    f. For Project Monitoring and Design Calculation.

2. **In Government departments:**
    a. For Planning
    b. For Analysing and Tabulating Data

c. For Monitoring preparation of statements

3. In Police Departments:

a. For Preparing Crime Statistics

b. For Maintaining Criminal Records

4. In Educational Departments:

a. In Monitoring Examinations and their results

b. Maintaining Students' Records

c. In General University Administration.

5. In Posts and Telegraphs & Telephone Departments:

a. Storing and Forwarding Telegrams

b. In the operation of Electronic Exchange Systems

c. Billing telephones

6. In Transport Sectors:

a. For Handling Reservations in Airlines and Railways

b. For Cargo dispatch and Records

c. For Ports' Inventory Controls

d. For General Management Functions

e. For Repairs of Locomotives in the workshops in railways

f. For Monitoring Wagon and control of freight movements in Railways

7. In Banking Sectors:

a. For Deposit Management

b. For Credit Management

c. For Inter-Branch and reconciliation work

8. In Manufacturing Units:

a. To direct process control in any large units

b. In Thermal Power Stations.

In developed countries computers are used for personal works also, like assisting family budgeting, in keeping records of bills and payments etc. Attempt is being made to incorporate artificial intelligence in computer and USA has already introduced a computer which can learn also. Japan is planning for a computer city, where no human beings will be required to perform any activity. New invention in this direction will beyond doubt increase the utility of computer and thus boost computer and allied industries.

TECHNICAL ASPECTS

INSTALLED CAPACITY

The installed capacity of the unit proposed is 96,000 forms per day (12000 forms per hour) of standard size 10" X 12". This works out to 288 lakhs forms per annum. The capacity is based on single shift basis 8 hours per shift for 300 days.

PLANT & MACHINERY

The following items of plant & machinery are required.

	Item	**Value Rs. lakhs**
a.	Continuous forms manufacturing machine – Qompac 120	
b.	One colour Pack-to-pack Overprinting M/c. – Quickform	20.00
c.	Multipart pack collator M/c. – Genuss 2000	
d.	Plate Developing	
	Total	**20.00**

MANUFACTURING PROCESS

The process of manufacturing involves the following sequence of operation.

Design & art work Preparation

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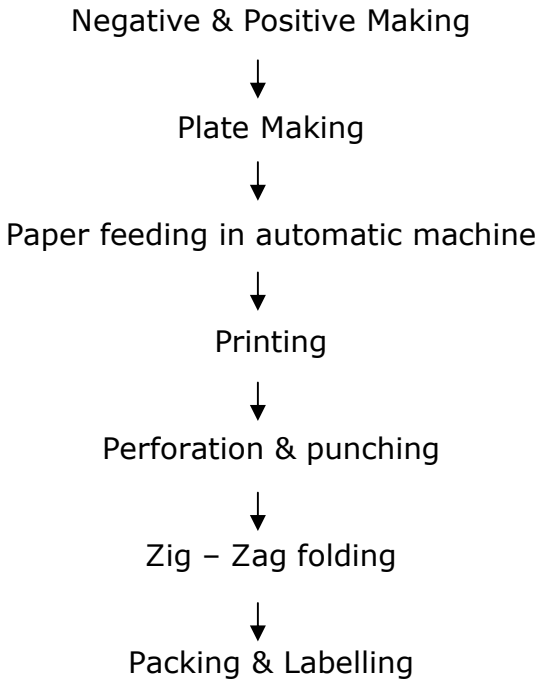

RAW MATERIALS

The main raw materials required for manufacturing are Cream Wove paper 60 GSM and Carbon Paper

Calculation of raw materials are given below.

No. of forms production per MT of material	215517 Nos
Raw Material required p.a. at 100% (MT)	133.64 MT
Material price per MT	Rs. 48000
Total raw material value p.a. (100%)	**Rs. 64.15 lakhs**

Other materials such as Flexo Ink, Carbon paper, lubricants, punching dies perforating fluids and polymer stereos are to be consumed at 100% as follows:

	[Rs. lakhs]
Ink, Consumables Rs. 7000 p.m	0.84
Packing Materials Rs. 3 per 1000 forms	0.86
For 288 lakhs forms per annum	**1.70**

LAND & BUILDING

Building area of 700 sqft. is required, which may be taken on lease basis. The monthly rent assumed is Rs.7000. The advance will be in the range of Rs.70,000.

UTILITIES

POWER:

The total power requirement of the unit will be about 3 HP.

WATER:

Water is not required for process. Water for human consumption is estimated 1000 litres per day.

MAN POWER:

Category	**Nos.**	**Monthly**	**Total**
Operator	1	6000	6000
Helpers	2	4000	8000
			14000
Add : 20% benefits			2800
			16800
Total salary per annum (Rs. lakhs)			Rs.2.02 lakhs

IMPLEMENTATION SCHEDULE

As the machineries are available easily, if financing arrangements are made, the project can be implemented in 6 months time.

ASSUMPTIONS

- Installed capacity is 288 lakhs nos. of forms per annum. During first year 60% capacity utilisation is assumed, This will be increased to 70% and 80% in subsequent years.

- Selling price is assumed at Rs.30000 per one lakh forms. This works out to Rs.83.52 lakhs per annum at 100% capacity utilisation.

- Cost of materials Rs.48000 per MT, this works out to Rs.50.78 lakhs per annum at 100% capacity utilisation.

- Consumables such as Ink, Chemicals, Packing materials are estimated at Rs.1.70 lakhs per annum, the details are given below:

- Packing material cost per 1000 form is Rs.3/-, this works out to Rs.84,000 per annum.

- Chemicals and Ink costs per month is estimated at Rs.7000, this works out to Rs.84,000 per annum.

- Power charge is estimated at the current rate, which works out to Rs.0.24 lakh per annum. (Rs. 2000 per month)

- Wages & Salaries is estimated at Rs.2.02 lakhs per annum as per the details given above with annual increase of 5%.

- Repairs & Maintenance is estimated at Rs.3000 per month with annual increase of 5%.

- Depreciation is calculated on WDV method at 15% plant on machinery.

- Selling, General & Adm. expenses is Rs.20000 per month, which includes sales promotional expenses and Administrative expenses such as rent, office expenses etc. with annual increase of 5%.

- Interest on Term Loan & working capital borrowings are estimated at 12%.p.a.

- Income tax is provided at 33.22% on taxable income.

LIST OF MACHINERY SUPPLIERS

1. Alois Gutenberg Machines Pvt. Ltd., B-16,wagle Industrial Estate, Road No.2,thane, Mumbai.

2. M/s.Raviraj Computer Forms (P) Ltd., 113, Lawley Road, Coimbatore 641 003

3.M/c. Gayathri Machineries, No.30, Jones Street, Chennai 600 0021.

LIST OF RAW MATERIAL SUPPLIERS

PAPER:

1. M/s. Tamil Nadu Newsprint & Papers Ltd., No.16, Whites Road,, Chennai - 14
2. M/s. Pandiyan Paper Co., No.9, Baker Street, Chennai 600 001
3. M/s. ITC Bhadrachalam Paper boards Ltd., No.106, Sardar Patel Road, Secunderabad 500 003. Andhra Pradesh.

PRINTING INK

1. M/s. Reprographic System & Supplies, No.52, Triplicane High Raod, Chennai - 5.
2. M/s.Chemi – Dyes, No.148, Govindappa Naicken Street, Chennai 600 001
3. M/s.Coates of India Ltd., No.92, Shaik Mistry Street, Chennai 600 013.
4. M/s. Kapoor Sales Corporation, No.2, Masilamani Road, Chennai 600 014.

RUBBER ROLLERS

1. M/s. Spasa Spares & Services, No.1, First link Street, Karpagam Gardens, Chennai 600 020.

PACKAGING MATERIALS:

1. M/S. Monna Packaging Products, No.34,Pulla Reddy Avenue, Shenoy Nagar, Chennai 600 030.

2. M/s.Standard Packaging, No.20, Bajani Koil Street, Nandambakkam, Chennai 600 089.
3. M/s. Packers International, No.A-8, Sidco Industrial Estate, Villivakkam Chennai 600 049.
4. M/s. Jayant Packaging (P) Ltd., Super A-12, Industrial Estate, Chennai 600 032.

1. COST OF PROJECT

	[Rs.lakhs]
Building (Advance)	0.70
Plant & Machinery	20.00
Other Misc. assets	0.50
Pre-Operative expenses	1.00
Margin for WC	2.77
	24.97

2. MEANS OF FINANCE

Capital	9.97
Term Loan	15.00
	24.97

3. COSTOF PRODUCTION & PROFITABILITY STATEMENTS

Years	1	2	3
Installed Capacity per annum			
Forms Production (Nos. in lakhs)	288	288	288
Utilisation	60%	70%	80%
Production/Sales (Nos.in lakhs)	173	202	230

Selling Price per lakh forms	Rs.30,000	per lakh form	
Sales Value	51.90	60.60	69.00
Raw Materials	38.48	44.90	51.31
Consumables	1.02	1.19	1.36
Power	0.24	0.25	0.26
Wages & Salaries	2.02	2.12	2.23
Repairs & Maintenance	0.36	0.38	0.40
Depreciation	3.00	2.55	2.17
Cost of Production	45.12	51.39	57.73
Selling, Admin, & General expenses	2.40	2.52	2.65
Interest on Term Loan	1.80	1.58	1.13
Interest on Working Capital	1.08	1.08	1.08
Total	50.40	56.57	62.59
Profit Before Tax	1.50	4.03	6.41
Provision for tax	0.50	1.34	2.13
Profit After Tax	1.00	2.69	4.28
Add: Depreciation	3.00	2.55	2.17
Cash Accruals	4.00	5.24	6.45

4. WORKING CAPITAL:

	Months Consumptions	Values	%	Margin Amount	Bank Finance
Raw Materials	2.00	6.41	25%	1.60	4.81
Consumables	0.00	0.00	25%	0.00	0.00
Finished goods	0.25	0.94	25%	0.24	0.70
Debtors	1.00	4.33	10%	0.43	3.90
Expenses	1.00	0.50	100%	0.50	0.00
		12.18		2.77	9.41
Say ---->		Rs.9.00			

5. PROFITABILITY RATIOS BASED ON 80% UTILISATION

$$\frac{\text{Profit after Tax}}{\text{Sales}} = \frac{4.28}{69.00} = 6\%$$

Profit before Interest and Tax / Total Investment	8.62 / 33.97	25%
Profit after Tax / Promoters Capital	4.28 / 9.97	43%

6. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	2.23
Repairs & Maintenance	0.40
Depreciation	2.17
Admin. & General expenses	2.65
Interest on TL	1.13
	8.58

Profit Before Tax (P) 6.41

$$BEL = \frac{FC \times 100}{FC + P} \qquad \frac{8.58}{8.58+6.41} \times \frac{80}{100} \times 100$$

46% of installed capacity