

**PROJECT REPORT**

**Of**

**BOOK BINDING UNIT**

**PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Book binding 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 GLANCE

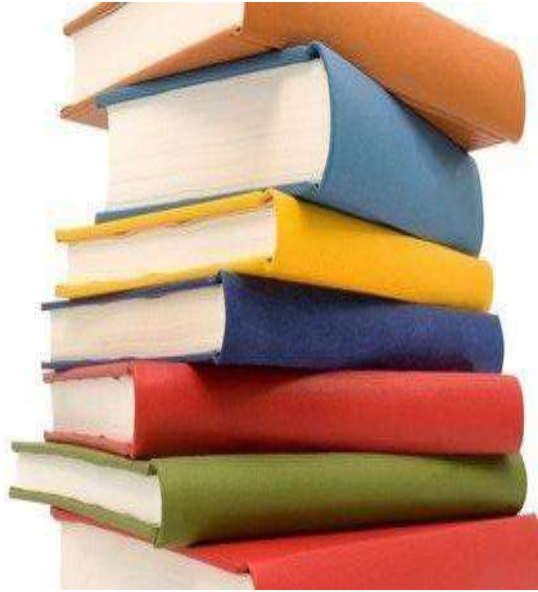
<b>1 Name of Proprietor/Director</b>	XXXXXXXXXX
<b>2 Firm Name</b>	XXXXXXXXXX
<b>3 Registered Address</b>	XXXXXXXXXX
<b>4 Nature of Activity</b>	XXXXXXXXXX
<b>5 Category of Applicant</b>	XXXXXXXXXX
<b>6 Location of Unit</b>	XXXXXXXXXX
<b>7 Cost of Project</b>	21.48 Rs. In Lakhs
<b>8 Means of Finance</b>	
<b>i) Own Contribution</b>	2.15 Rs. In Lakhs
<b>ii) Term Loan</b>	16.43 Rs. In Lakhs
<b>iii) Working Capital</b>	2.91 Rs. In Lakhs
<b>9 Debt Service Coverage Ratio</b>	2.49
<b>10 Break Even Point</b>	51%
<b>11 Power Requiremnet</b>	40 KW
<b>12 Employment</b>	7 Persons
<b>13 Major Raw Materials</b>	Adhesive,chemical material,paper board and thread

### **14 Details of Cost of Project & Means of Finance**

<b>Cost of Project</b>	<b>Amount in Lacs</b>
<b>Particulars</b>	<b>Amount</b>
Land and building	Owned/Leased
Plant & Machinery	17.50
Furniture & Fixture	-
Other Misc Assets	0.75
Working Capital Requirement	3.23
<b>Total</b>	<b>21.48</b>

<b>Means of Finance</b>	<b>Amount</b>
<b>Particulars</b>	<b>Amount</b>
Own Contribution	2.15
Term Loan	16.43
Working capital Loan	2.91
<b>Total</b>	<b>21.48</b>

## 1. INTRODUCTION



Bookbinding is required to preserve the condition of antique books and records. Binding protects the book from damage in addition to making it more appealing. Libraries, schools and college libraries, government offices, lawyers, and book enthusiasts all strive to keep their books and records in good shape. As a result, it would be preferable if the business were to be created in a city. It is a job-oriented organisation. There are more educational institutions, libraries, and other academic institutions now that the government is putting a higher emphasis on adult education. The need for bookbinding is projected to rise significantly in the coming years as a result of the educational sector's exponential growth. Bookbinding is the process of physically putting together a codex book from an orderly stack of paper sheets that are folded into signatures or occasionally left as a stack of individual sheets. Using a thick needle and strong thread, several signatures are then joined together along one edge. Loose-leaf rings, individual screw posts or binding posts, twin loop spine coils, plastic spiral coils, and plastic spine combs are all less expensive but less permanent techniques of binding. The bound stack is either wrapped in a flexible cover or connected to stiff boards for protection. Finally, an appealing cover with identifying information and decoration is applied to the boards. Book artists or professionals in book decoration can also substantially improve the content of a book by creating book-like objects of extraordinary artistic

significance. Hand binding by individual craftsmen in a shop and commercial bindings mass-produced by high-speed machines in a factory are the two types of modern bookbinding. Between the two sections, there is a large grey space. The size and intricacy of a bindery business varies depending on the type of task, such as one-of-a-kind custom jobs, library rebinding, preservation binding, small edition binding, additional binding, and eventually large-run publisher's binding. In some circumstances, the printing and binding jobs are done in the same place. Commercial binding is done by factory manufacturing runs of 10 thousand copies or more for the largest quantity of copies. The basic techniques of measuring, cutting, and gluing are used in bookbinding, which is a specialist trade. Depending on the style and materials used, a finished book may require dozens of procedures. Bookbinding brings together abilities from a variety of fields, including paper and fabric crafts, leather work, model creation, and graphic arts. It necessitates a thorough understanding of a wide range of book structures, as well as all of the internal and external aspects of assembly. It is necessary to have a working knowledge of the materials involved. A book craftsman requires only a basic set of hand tools, but with practise, they will amass a large collection of secondary hand tools and even heavy equipment that will help them work faster, more accurately, and more efficiently. There are many ways of combining multiple pages into a single, finished piece.

- Saddle Stitching
- Perfect Binding and Case Binding
- Comb Binding
- Coil Binding
- Other Binding Methods

## **2. PRODUCT DESCRIPTION**

### **2.1 PRODUCT USES**

The basic techniques of measuring, cutting, and gluing are used in bookbinding, which is a specialist trade. Depending on the style and materials used, a finished book may require dozens of procedures. Bookbinding brings together abilities from a variety of fields, including paper and fabric crafts, leather work, model creation, and graphic arts.

### **2.2 PRODUCT RAW MATERIAL**

- i. Adhesive
- ii. Chemical Material
- iii. Paper Board
- iv. Thread

## **2.3 MANUFACTURING PROCESS**

Multiple pages can be combined in a variety of ways to create a single finished piece. To keep sheets of paper together at home, we use staples, paper clips, or binder clips. In printing plants, the processes are a little more complicated.

- Whether a book is published as a hardcover or a paperback, the binding of the pages is crucial to its durability. A "perfect binding" is seen in most paperbacks and some hardcover books. The pages are either aligned or sliced and pasted together. The book is held together by a strong and flexible layer, which may or may not be the glue itself. The visible piece of the spine of a paperback is part of this flexible layer.
- The process of case binding begins with thread sewing. This process involves the use of a needle and thread to bind the pages of a book together into final book block.
- After the book block is formed, it is sent to the three-knife trimmer where the three edges of the book block are trimmed down to desired size.
- After the trimmed block is ready, it will be sent to a backing and rounding machine to prepare the spine of the book. This step gives the spine a convex shape and centers "shoulders" for the cover to rest on by pounding the spine.
- The final step is called "casing-in" before this step is conducted, there is a process called "nipping" which consists of compressing the book to let any excess air escape. The end papers are then coated with adhesive and the cover is pressed onto the book block.
- 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.

## **3. PROJECT COMPONENTS**

### **3.1 Land & Building**

The land required for this manufacturing unit will be approx. around 1000 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.10,000 per month.

- Workshop Area- This area includes the setup and foundation space for all equipment's, work floor area, etc. Total workshop area is approx.500 Sq ft.
- Inventory Area- This area includes the storage space for all the raw materials and finished goods. Total inventory area is approx. 300 Sq ft.
- Office Area – This space includes staff working region, their accommodation space. Total workshop area is approx. 200 Sq ft. This may be considered above the ground floor.
- Parking Space, Electric Mounting Space, and Others. This could be approx. 100 Sq ft.

Land and building requirement may vary depending on the size of project.

### **3.2 Plant & Machinery**

This is a semi-automatic type of plant and the production capacity is set to be 280 finished products per day.

#### **Machines-**

##### **Cardboard Paper Cutting Machine**

- Cardboard paper cutting machine- Cutting machine is heavy duty hand operated machine used for cutting paper or corrugated board.



##### **Wire Stitching Machine**

- Binderies, print shops, and high-volume manufacturing facilities frequently use these pieces of equipment, which are designed to take a roll of wire and stitch/staple books in enormous volumes.



### **Backing / Rounding Machine**

- This machine is used to prepare the back spine of the book block.



### **Three Knife Trimmer**

A type of cutting instrument (similar to a guillotine cutter) used to trim three sides of a bound book simultaneously. It consists of three knives, two parallel knives, and one right-angle knife.



### Casing – in Machine

- Casing in machine used to assemble a book from two semi-finished products—the unbound book and the cover—fastened together.



S. NO	Machine	Quantity	Price
1.	Cardboard paper cutting machine-	1	3,50,000
2.	Wire Stitching Machine-	1	3,25,000
3.	Backing/Rounding Machine	1	2,50,000
4.	Three Knife Trimmer	1	3,55,000
5.	Casing-in Machine-	1	4,70,000
	<b>Total</b>		<b>17,50,000</b>

## 4 LICENSE & APPROVALS

Basic registration required in this project:

- GST registration
- MSME Udyam registration



## Projected Balance Sheet

<b><u>PROJECTED BALANCE SHEET</u></b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Liabilities</u></b>					
<b>Capital</b>					
Opening balance		3.82	5.71	8.23	10.87
Add: - Own Capital	2.15				
Add: - Retained Profit	5.07	6.19	7.42	8.57	10.84
Less: - Drawings	3.40	4.30	4.90	5.93	8.04
<b>Closing Balance</b>	<b>3.82</b>	<b>5.71</b>	<b>8.23</b>	<b>10.87</b>	<b>13.67</b>
Term Loan	14.60	10.95	7.30	3.65	-
Working Capital Limit	2.91	2.91	2.91	2.91	2.91
Sundry Creditors	0.74	0.83	0.93	1.04	1.15
Provisions & Other Liability	0.40	0.48	0.58	0.80	0.96
<b>TOTAL:</b>	<b>22.46</b>	<b>20.88</b>	<b>19.95</b>	<b>19.27</b>	<b>18.69</b>
<b><u>Assets</u></b>					
<b>Fixed Assets (Gross)</b>					
Gross Dep.	2.74	5.06	7.04	8.72	10.15
<b>Net Fixed Assets</b>	<b>15.51</b>	<b>13.19</b>	<b>11.21</b>	<b>9.53</b>	<b>8.10</b>
<b>Current Assets</b>					
Sundry Debtors	2.05	2.35	2.61	2.92	3.24
Stock in Hand	1.92	2.14	2.37	2.63	2.90
Cash and Bank	0.08	0.10	0.15	0.19	0.25
Loans & Advances /Other Current Assets	2.90	3.10	3.60	4.00	4.20
<b>TOTAL:</b>	<b>22.46</b>	<b>20.88</b>	<b>19.95</b>	<b>19.27</b>	<b>18.69</b>

## Projected Profitability

<b><u>PROJECTED PROFITABILITY STATEMENT</u></b>						(in Lacs)
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>	
Capacity Utilisation %	<b>75%</b>	<b>80%</b>	<b>85%</b>	<b>90%</b>	<b>95%</b>	
<b><u>SALES</u></b>						
<b>Gross Sale</b>						
BOOK BINDING	61.53	70.46	78.43	87.58	97.24	
<b>Total</b>	<b>61.53</b>	<b>70.46</b>	<b>78.43</b>	<b>87.58</b>	<b>97.24</b>	
<b><u>COST OF SALES</u></b>						
Raw Material Consumed	31.50	35.62	39.98	44.60	49.48	
Electricity Expenses	7.20	7.68	8.16	8.64	9.12	
Depreciation	2.74	2.33	1.98	1.68	1.43	
Wages & labour	6.12	7.16	7.73	8.89	9.87	
Repair & maintenance	1.85	2.11	2.35	2.63	2.92	
Packaging	1.23	1.41	1.57	1.75	1.94	
<b>Cost of Production</b>	<b>50.63</b>	<b>56.31</b>	<b>61.78</b>	<b>68.20</b>	<b>74.76</b>	
<b>Add: Opening Stock</b>	-	1.18	1.31	1.44	1.59	
<b>Less: Closing Stock</b>	1.18	1.31	1.44	1.59	1.74	
Cost of Sales	49.45	56.17	61.65	68.05	74.61	
<b>GROSS PROFIT</b>	<b>12.08</b>	<b>14.28</b>	<b>16.78</b>	<b>19.53</b>	<b>22.63</b>	
	<b>19.63%</b>	<b>20.27%</b>	<b>21.40%</b>	<b>22.30%</b>	<b>23.27%</b>	
Salary to Staff	3.24	3.95	5.06	6.32	7.53	
Interest on Term Loan	1.61	1.42	1.02	0.62	0.22	
Interest on working Capital	0.32	0.32	0.32	0.32	0.32	
Rent	1.20	1.38	1.55	1.73	1.92	
Selling & Administrative Exp.	0.62	0.70	0.78	0.88	0.97	
<b>TOTAL</b>	<b>6.99</b>	<b>7.78</b>	<b>8.73</b>	<b>9.87</b>	<b>10.96</b>	
NET PROFIT	5.09	6.50	8.05	9.66	11.67	
	<b>8.27%</b>	<b>9.23%</b>	<b>10.27%</b>	<b>11.03%</b>	<b>12.01%</b>	
Taxation	0.02	0.31	0.64	1.10	0.83	
PROFIT (After Tax)	5.07	6.19	7.42	8.57	10.84	

## Projected Cash Flow Statement

<b><u>PROJECTED CASH FLOW STATEMENT</u></b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>SOURCES OF FUND</u></b>					
Own Margin	2.15				
Net Profit	5.09	6.50	8.05	9.66	11.67
Depreciation & Exp. W/off	2.74	2.33	1.98	1.68	1.43
Increase in Cash Credit	2.91	-	-	-	-
Increase In Term Loan	16.43	-	-	-	-
Increase in Creditors	0.74	0.10	0.10	0.11	0.11
Increase in Provisions & Other liabilities	0.40	0.08	0.10	0.22	0.16
	-				
<b>TOTAL :</b>	<b>30.44</b>	<b>9.01</b>	<b>10.23</b>	<b>11.68</b>	<b>13.38</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	18.25				
Increase in Stock	1.92	0.23	0.23	0.26	0.27
Increase in Debtors	2.05	0.30	0.27	0.31	0.32
Repayment of Term Loan	1.83	3.65	3.65	3.65	3.65
Loans & Advances /Other Current Assets	2.90	0.20	0.50	0.40	0.20
Drawings	3.40	4.30	4.90	5.93	8.04
Taxation	0.02	0.31	0.64	1.10	0.83
<b>TOTAL :</b>	<b>30.36</b>	<b>8.99</b>	<b>10.18</b>	<b>11.64</b>	<b>13.31</b>
Opening Cash & Bank Balance	-	0.08	0.10	0.15	0.19
Add: Surplus	0.08	0.02	0.05	0.04	0.06
Closing Cash & Bank Balance	<b>0.08</b>	<b>0.10</b>	<b>0.15</b>	<b>0.19</b>	<b>0.25</b>

**DSCR**

<b><u>CALCULATION OF D.S.C.R</u></b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b>CASH ACCRUALS</b>	7.81	8.52	9.40	10.25	12.27
Interest on Term Loan	1.61	1.42	1.02	0.62	0.22
<b>Total</b>	9.42	9.94	10.42	10.87	12.49
<b>REPAYMENT</b>					
Instalment of Term Loan	1.83	3.65	3.65	3.65	3.65
Interest on Term Loan	1.61	1.42	1.02	0.62	0.22
Total	3.44	5.07	4.67	4.27	3.87
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.74</b>	<b>1.96</b>	<b>2.23</b>	<b>2.55</b>	<b>3.23</b>
<b>AVERAGE D.S.C.R.</b>					<b>2.49</b>

## Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN								
							Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance	
<b>1st</b>	Opening Balance							
	1st month	-	16.43	16.43	-	-	16.43	
	2nd month	16.43	-	16.43	0.15	-	16.43	
	3rd month	16.43	-	16.43	0.15	-	16.43	
	4th month	16.43	-	16.43	0.15		16.43	
	5th month	16.43	-	16.43	0.15		16.43	
	6th month	16.43	-	16.43	0.15		16.43	
	7th month	16.43	-	16.43	0.15	0.30	16.12	
	8th month	16.12	-	16.12	0.15	0.30	15.82	
	9th month	15.82	-	15.82	0.14	0.30	15.51	
	10th month	15.51	-	15.51	0.14	0.30	15.21	
	11th month	15.21	-	15.21	0.14	0.30	14.90	
	12th month	14.90	-	14.90	0.14	0.30	14.60	
					<b>1.61</b>	<b>1.83</b>		
<b>2nd</b>	Opening Balance							
	1st month	14.60	-	14.60	0.13	0.30	14.30	
	2nd month	14.30	-	14.30	0.13	0.30	13.99	
	3rd month	13.99	-	13.99	0.13	0.30	13.69	
	4th month	13.69	-	13.69	0.13	0.30	13.38	
	5th month	13.38	-	13.38	0.12	0.30	13.08	
	6th month	13.08	-	13.08	0.12	0.30	12.78	
	7th month	12.78	-	12.78	0.12	0.30	12.47	
	8th month	12.47	-	12.47	0.11	0.30	12.17	
	9th month	12.17	-	12.17	0.11	0.30	11.86	
	10th month	11.86	-	11.86	0.11	0.30	11.56	
	11th month	11.56	-	11.56	0.11	0.30	11.25	
	12th month	11.25	-	11.25	0.10	0.30	10.95	
					<b>1.42</b>	<b>3.65</b>		
<b>3rd</b>	Opening Balance							
	1st month	10.95	-	10.95	0.10	0.30	10.65	
	2nd month	10.65	-	10.65	0.10	0.30	10.34	
	3rd month	10.34	-	10.34	0.09	0.30	10.04	
	4th month	10.04	-	10.04	0.09	0.30	9.73	
	5th month	9.73	-	9.73	0.09	0.30	9.43	

	6th month	9.43	-	9.43	0.09	0.30	9.12
	7th month	9.12	-	9.12	0.08	0.30	8.82
	8th month	8.82	-	8.82	0.08	0.30	8.52
	9th month	8.52	-	8.52	0.08	0.30	8.21
	10th month	8.21	-	8.21	0.08	0.30	7.91
	11th month	7.91	-	7.91	0.07	0.30	7.60
	12th month	7.60	-	7.60	0.07	0.30	7.30
					<b>1.02</b>	<b>3.65</b>	
<b>4th</b>	Opening Balance						
	1st month	7.30	-	7.30	0.07	0.30	7.00
	2nd month	7.00	-	7.00	0.06	0.30	6.69
	3rd month	6.69	-	6.69	0.06	0.30	6.39
	4th month	6.39	-	6.39	0.06	0.30	6.08
	5th month	6.08	-	6.08	0.06	0.30	5.78
	6th month	5.78	-	5.78	0.05	0.30	5.47
	7th month	5.47	-	5.47	0.05	0.30	5.17
	8th month	5.17	-	5.17	0.05	0.30	4.87
	9th month	4.87	-	4.87	0.04	0.30	4.56
	10th month	4.56	-	4.56	0.04	0.30	4.26
	11th month	4.26	-	4.26	0.04	0.30	3.95
	12th month	3.95	-	3.95	0.04	0.30	3.65
					<b>0.62</b>	<b>3.65</b>	
<b>5th</b>	Opening Balance						
	1st month	3.65	-	3.65	0.03	0.30	3.35
	2nd month	3.35	-	3.35	0.03	0.30	3.04
	3rd month	3.04	-	3.04	0.03	0.30	2.74
	4th month	2.74	-	2.74	0.03	0.30	2.43
	5th month	2.43	-	2.43	0.02	0.30	2.13
	6th month	2.13	-	2.13	0.02	0.30	1.82
	7th month	1.82	-	1.82	0.02	0.30	1.52
	8th month	1.52	-	1.52	0.01	0.30	1.22
	9th month	1.22	-	1.22	0.01	0.30	0.91
	10th month	0.91	-	0.91	0.01	0.30	0.61
	11th month	0.61	-	0.61	0.01	0.30	0.30
	12th month	0.30	-	0.30	0.00	0.30	-
					<b>0.22</b>	<b>3.65</b>	
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

## **DISCLAIMER**

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