

PROJECT REPORT

Of

COIR PAPER

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **COIR PAPER**

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 : XXXXXXX
- 2 Constitution (legal Status) : XXXXXXX
- 3 Father's/Spouce's Name : XXXXXXX
- 4 Unit Address : XXXXXXX
- Taluk/Block: XXXXX
- District : XXXXX State: XXXXX
- Pin: XXXXX
- E-Mail : XXXXX
- Mobile XXXXX
- 5 Product and By Product : COIR PAPER OR PAPER PRODUCTS MAKING UNIT
- 6 Name of the project / business activity proposed : COIR PAPER OR PAPER PRODUCTS MAKING UNIT
- 7 Cost of Project : Rs25.00lac
- 8 Means of Finance :
- Term Loan : Rs.18.29 Lacs
- KVIC Margin Money : As per Project Eligibility
- Own Capital : Rs.2.5 Lacs
- Working Capital : Rs.4.21 Lacs
- 9 Debt Service Coverage Ratio : 2.00
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 45%
- 13 Employment : 14 Persons
- 14 Power Requirement : 60.00 HP
- 15 Major Raw materials : Coir waste fiber, waste paper
- 16 Estimated Annual Sales Turnover : 53.44 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work	own
Plant & Machinery	19.97
Furniture & Fixtures	0.35
Pre-operative Expenses	-
Working Capital Requirement	4.68
Total	25.00

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	2.50
Term Loan	18.29
Workign Capital Finance	4.21
Total	25.00

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

PROJECT PROFILE FOR COIR PAPER/PAPER PRODUCTS

MAKING UNIT



INTRODUCTION

Coir paper is manufactured from waste of coir fiber collected from coir processing unit and waste paper (corrugated board waste) from local market. The product finds its application in calendar, binding covers and note book covers.

PROCESS OF MANUFACTURE

The fiber and paper strips are put into a treatment vessel and then fed into a beater along with water and sized additives to form a pulp type mixture from coir fibre/coir pith. The pulp mixture is spread on a net which enables the water to settle down and form paper sheet. These paper sheets are blotted on a woolen / gada cloth. Water is drawn out from these sheets with the help of a hydraulic press and these sheets are detached from cloth and to let dry in sunlight. After drying these sheets are passed through two heavy rollers and

calendaring in between two metal sheets for polishing the papers or boards. Lastly the sheet is cut into the required size and shape as required for marketing.

BASIS AND PRESUMPTIONS

The Project Profile is based on 8 working hours for 1 shift in a day and 25 days in a month and the Break Even efficiency has been calculated on 80%, 85%, 90%, 90% and 100% capacity utilization.

The rate of interest both for fixed asset and working capital have been taken as 12.5% p.a.

TECHNICAL ASPECTS

Installed Production capacity per day	:	1 ton
Number of Shift per day	:	1
Working days p.a	:	300 days
Capacity Utilization		
-First year	:	75%
-Second year	:	80%
-Third year	:	85%
-Fourth year	:	90%
-Fifth year	:	100%
Rate of Average Sales Realization	:	Rs. 25000 per ton
Rate of Average cost of raw material	:	Rs.16500 per ton(waste coir) :Rs5000 per ton (Waste paper /board)

Raw material requirement

i) Coir waste fiber : 0.5 ton per ton of output

ii) Waste paper : 0.5 ton per ton of output

Interest on term Loan : 11.50%

Interest on working capital : 11.50%

Manpower requirement

Supervisor : 1

Skilled worker : 4

Unskilled worker : 8

Total HP required : 60 HP

PLANT & MACHINERY

Description of machines & equipments	Qty
Coir fiber Sheredder 10 HP	1
Hollender beater 10 HP	1
Hydro pulper 15 HP	1
TDR refiner 5 HP	1
Cylinder mould board machine 3 HP Drive 30:*36: size one ton per 8 hrs capacity	1
Hydraulic power presser 5 HP	1
Pulp agitator 2 HP drive	2
Pulp pumps	3
Calendaring machine 5 HP drive	1
Cutting machine 3 HP drive	1
Trolley, Balance and tools	
	1997000

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.50	2.50	2.50	2.50	2.50
Retained Profit	7.10	13.82	20.76	28.53	39.78
Term Loan	18.29	13.72	9.14	4.57	0.01
Cash Credit	4.21	4.21	4.21	4.21	4.21
Sundry Creditors	0.56	0.60	0.64	0.68	0.71
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	33.02	35.24	37.69	40.96	47.74
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	20.32	20.32	20.32	20.32	20.32
Gross Dep.	3.01	5.59	7.79	9.65	11.24
Net Fixed Assets	17.31	14.73	12.53	10.67	9.08
Current Assets					
Sundry Debtors	1.78	1.99	2.12	2.24	2.49
Stock in Hand	3.46	3.69	3.92	4.15	4.53
Cash and Bank	7.97	12.08	16.09	20.57	27.98
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	33.02	35.24	37.69	40.96	47.74

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PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	2.50	-	-	-	-
Reserve & Surplus	7.10	7.47	8.68	9.70	14.07
Depriciation & Exp. W/off	3.01	2.58	2.19	1.87	1.59
Increase in Cash Credit	4.21	-	-	-	-
Increase In Term Loan	18.29	-	-	-	-
Increase in Creditors	0.56	0.04	0.04	0.04	0.04
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	36.03	10.13	10.95	11.65	15.74
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	20.32	-	-	-	-
Increase in Stock	3.46	0.23	0.23	0.23	0.38
Increase in Debtors	1.78	0.21	0.13	0.13	0.24
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	4.57	4.57	4.57	4.57
Taxation	-	0.75	1.74	1.94	2.81
TOTAL :	28.06	6.01	6.94	7.17	8.34
Opening Cash & Bank Balance	-	7.97	12.08	16.09	20.57
Add : Surplus	7.97	4.11	4.01	4.48	7.40
Closing Cash & Bank Balance	7.97	12.08	16.09	20.57	27.98

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
A) SALES					
Gross Sale	53.44	59.81	63.56	67.31	74.63
Total (A)	53.44	59.81	63.56	67.31	74.63
B) COST OF SALES					
Raw Mateiral Consumed	24.19	25.80	27.41	29.03	30.64
Electricity Expenses	5.64	6.02	6.39	6.77	7.14
Repair & Maintenance	-	0.60	0.64	0.67	0.75
Labour & Wages	8.98	9.87	10.86	11.95	13.14
Depriciation	3.01	2.58	2.19	1.87	1.59
Consumables and Other Expenses	1.07	1.20	1.27	1.35	1.49
Cost of Production	42.89	46.06	48.77	51.63	54.75
Add: Opening Stock /WIP	-	2.25	2.40	2.55	2.70
Less: Closing Stock /WIP	2.25	2.40	2.55	2.70	3.00
Cost of Sales (B)	40.64	45.91	48.62	51.48	54.45
C) GROSS PROFIT (A-B)	12.80	13.90	14.95	15.84	20.18
	24%	23%	24%	24%	27%
D) Bank Interest (Term Loan)	1.58	1.91	1.38	0.85	0.33
Bank Interest (C.C. Limit)	0.42	0.42	0.42	0.42	0.42
E) Salary to Staff	2.64	2.90	3.19	3.51	3.87
F) Selling & Adm Expenses Exp.	1.07	1.20	1.27	1.35	1.49
TOTAL (D+E)	5.71	6.43	6.27	6.14	6.11
H) NET PROFIT	7.10	7.47	8.68	9.70	14.07
I) Taxation	-	0.75	1.74	1.94	2.81
J) PROFIT (After Tax)	7.10	6.73	6.94	7.76	11.25

COMPUTATION OF MANUFACTURING

Items to be Manufactured

COIR PAPER OR PAPER PRODUCTS MAKING UNIT

Manufacturing Capacity	-	1.00	MT
	-		
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		300.00	MT
Year		Capacity	Sq Mt of Matt
		Utilisation	
IST YEAR		75%	225
IIND YEAR		80%	240
IIIRD YEAR		85%	255
IVTH YEAR		90%	270
VTH YEAR		100%	300

Waste coir 0.5 ton
Waste paper 0.5 ton

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Recovery	Unit Rate of / MT	Total Cost Per Annum (100%)
Raw Material waste coir	100%	150.00	100%	16,500.00
waste paper , gatta,waste carton		150.00	5000	7.50
Total (Rounded off in lacs)				32.25
Annual Consumption cost (In Lacs)				32.25

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	75%	24.19
IIND YEAR	80%	25.80
IIIRD YEAR	85%	27.41
IVTH YEAR	90%	29.03
VTH YEAR	95%	30.64

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Finished Goods					
(15 Days requirement)	2.25	2.40	2.55	2.70	3.00
Raw Material					
(10 Days requirement)	1.21	1.29	1.37	1.45	1.53
Closing Stock	3.46	3.69	3.92	4.15	4.53

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			3.46
Sundry Debtors			1.78
		Total	5.24
Sundry Creditors			0.56
Working Capital Requirement			4.68
Margin			0.47
Working Capital Finance			4.21

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	11	12	13	14
Production	225	240	255	270	300
	225	251	267	283	314
Less : Closing Stock	11	12	13	14	15
Net Sale	214	239	254	269	299
Sale Price per MT	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Sale (in Lacs)	53.44	59.81	63.56	67.31	74.63

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required			60	
Load Factor			0.7460	
Electricity Charges		per unit	7.00	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				7,51,968.00
Add : Minimim Charges (@ 10%)				
(B) D.G. SET				
No. of Working Days			300	days
No of Working Hours			2	Hour per day
Total no of Hour			600	
Diesel Consumption per Hour			-	
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%				7.52
Year		Capacity		Amount
				(in Lacs)
IST YEAR		75%		5.64
IIND YEAR		80%		6.02
IIIRD YEAR		85%		6.39
IVTH YEAR		90%		6.77
VTH YEAR		95%		7.14

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		7,000.00	4	28,000.00
Unskilled Worker		5,000.00	8	40,000.00
				68,000.00
Add: 10% Fringe Benefit				6,800.00
Total Labour Cost Per Month				74,800.00
Total Labour Cost for the year (In Rs. Lakhs)				8.98

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		12,000.00	1	12,000.00
Accountant		8,000.00	1	8,000.00
Total Salary Per Month				20,000.00
Add: 10% Fringe Benefit				2,000.00
Total Salary for the month				22,000.00
Total Salary for the year (In Rs. Lakhs)				2.64

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	-	19.97	0.35	20.32
	-	-	19.97	0.35	20.32
Less : Depreciation	-	-	3.00	0.02	3.01
WDV at end of Ist year	-	-	16.97	0.33	17.31
Additions During The Year	-	-	-	-	-
	-	-	16.97	0.33	17.31
Less : Depreciation	-	-	2.55	0.03	2.58
WDV at end of IIInd Year	-	-	14.43	0.30	14.73
Additions During The Year	-	-	-	-	-
	-	-	14.43	0.30	14.73
Less : Depreciation	-	-	2.16	0.03	2.19
WDV at end of IIIrd year	-	-	12.26	0.27	12.53
Additions During The Year	-	-	-	-	-
	-	-	12.26	0.27	12.53
Less : Depreciation	-	-	1.84	0.03	1.87
WDV at end of IV year	-	-	10.42	0.24	10.67
Additions During The Year	-	-	-	-	-
	-	-	10.42	0.24	10.67
Less : Depreciation	-	-	1.56	0.02	1.59
WDV at end of Vth year	-	-	8.86	0.22	9.08

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	18.29	18.29	-	-	18.29
	IInd Quarter	18.29	-	18.29	0.53	-	18.29
	IIIRD Quarter	18.29	-	18.29	0.53	-	18.29
	Ivth Quarter	18.29	-	18.29	0.53	-	18.29
					1.58	-	
IIIND YEAR	Opening Balance						
	Ist Quarter	18.29	-	18.29	0.53	1.14	17.15
	IInd Quarter	17.15	-	17.15	0.49	1.14	16.00
	IIIRD Quarter	16.00	-	16.00	0.46	1.14	14.86
	Ivth Quarter	14.86	-	14.86	0.43	1.14	13.72
					1.91	4.57	
IIIRD YEAR	Opening Balance						
	Ist Quarter	13.72	-	13.72	0.39	1.14	12.57
	IInd Quarter	12.57	-	12.57	0.36	1.14	11.43
	IIIRD Quarter	11.43	-	11.43	0.33	1.14	10.29
	Ivth Quarter	10.29	-	10.29	0.30	1.14	9.14
					1.38	4.57	
IVTH YEAR	Opening Balance						
	Ist Quarter	9.14	-	9.14	0.26	1.14	8.00
	IInd Quarter	8.00	-	8.00	0.23	1.14	6.86
	IIIRD Quarter	6.86	-	6.86	0.20	1.14	5.71
	Ivth Quarter	5.71	-	5.71	0.16	1.14	4.57
					0.85	4.57	
VTH YEAR	Opening Balance						
	Ist Quarter	4.57	-	4.57	0.13	1.14	3.43
	IInd Quarter	3.43	-	3.43	0.10	1.14	2.29
	IIIRD Quarter	2.29	-	2.29	0.07	1.14	1.15
	Ivth Quarter	1.15	-	1.15	0.03	1.14	0.01
					0.33	4.57	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	10.11	9.30	9.14	9.63	12.84
Interest on Term Loan	1.58	1.91	1.38	0.85	0.33
Total	11.69	11.21	10.52	10.48	13.17
<u>REPAYMENT</u>					
Instalment of Term Loan	4.57	4.57	4.57	4.57	4.57
Interest on Term Loan	1.58	1.91	1.38	0.85	0.33
Total	6.15	6.48	5.95	5.42	4.89
DEBT SERVICE COVERAGE RATIO	1.90	1.73	1.77	1.93	2.69
AVERAGE D.S.C.R.			2.00		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	53.44	59.81	63.56	67.31	74.63
Less : Op. WIP Goods	-	2.25	2.40	2.55	2.70
Add : Cl. WIP Goods	2.25	2.40	2.55	2.70	3.00
Total Sales	55.69	59.96	63.71	67.46	74.93
Variable & Semi Variable Exp.					
Raw Material & Tax	24.19	25.80	27.41	29.03	30.64
Electricity Exp/Coal Consumption at 85%	4.79	5.11	5.43	5.75	6.07
Manufacturing Expenses 80%	0.86	1.44	1.53	1.62	1.79
Wages & Salary at 60%	6.97	7.67	8.43	9.28	10.20
Selling & administrative Expenses 80%	0.86	0.96	1.02	1.08	1.19
Intt. On Working Capital Loan	0.42	0.42	0.42	0.42	0.42
Total Variable & Semi Variable Exp	38.08	41.39	44.24	47.17	50.32
Contribution	17.61	18.57	19.47	20.30	24.61
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.21	0.36	0.38	0.40	0.45
Electricity Exp/Coal Consumption at 15%	0.85	0.90	0.96	1.02	1.07
Wages & Salary at 40%	4.65	5.11	5.62	6.18	6.80
Interest on Term Loan	1.58	1.91	1.38	0.85	0.33
Depreciation	3.01	2.58	2.19	1.87	1.59
Selling & administrative Expenses 20%	0.21	0.24	0.25	0.27	0.30
Total Fixed Expenses	10.51	11.10	10.79	10.59	10.54
Capacity Utilization	75%	80%	85%	90%	95%
OPERATING PROFIT	7.10	7.47	8.68	9.70	14.07
BREAK EVEN POINT	45%	48%	47%	47%	41%
BREAK EVEN SALES	33.24	35.83	35.31	35.21	32.09

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