

PROJECT REPORT

Of

OFFSET PRINTING

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Offset Printing 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 : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouce's Name : XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block: _____
- District : XXXXX
- Pin: XXXXX State: XXXXX
- E-Mail : XXXXX
- Mobile XXXXX
- 5 Product and By Product : Magazines, Souveiners
- 6 Name of the project / business activity proposed : Off set Printing Unit
- 7 Cost of Project : Rs. 9.75 Lacs
- 8 Means of Finance
- Term Loan Rs. 5.85 Lacs
- KVIC Margin Money As per Project Eligibility
- Own Capital Rs. 0.98 Lacs
- 9 Debt Service Coverage Ratio : 3.60
- 10 Pay Back Period : 5 Years Months
- 11 Project Implementation Period : 6 Months Months
- 12 Break Even Point : 0.38
- 13 Employment : 8 Persons
- 14 Power Requirement : 5 KW
- 15 Major Raw materials : Paper, Cardsheet, Ink , Gum etc
- 16 Estimated Annual Sales Turnover : Rs. 35.63 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount		
Land		Rented/Owned	
Plant & Machinery	6.50		
Furniture & Fixtures	0.45		
Working Capital Requirement	2.94		
Total	9.89		

MEANS OF FINANCE

Particulars	Amount		
Own Contribution 10%	0.99		
Term Loan	6.26		
Working capital	2.65		
Total	9.89		
		General	Special
KVIC Margin Monery Urban	15%		25%
KVIC Margin Monery Rural	25%		35%

OFFSET PRINTING



INTRODUCTION

Offset Printing is the latest method of printing system in any language. The method of printing in earlier days was by rotary printing press in which the matter to be printed was to be first composed manually.

In Offset printing, the matter which is to be printed is fed into the computer and after that with the help of the camera, it is exposed and film is prepared through developer/chemicals and put into Offset printing Machine to take out the print. Offset printing method is the latest one where the quality of printing is very fine in comparison to the previous method.

MARKET POTENTIAL

Today is the age of technology. Offset Printing Press is the example of new technology. The required material may be printed in minimum time with good accuracy and better quality. Now a days, the number of schools, colleges, offices and other business activities is increasing day by day. They require stationery, books and other printed materials. Therefore, Offset Printing Press has very good scope, particularly in Urban and semi-Urban areas.

BASIS AND ASSUMPTIONS

- i) This report is worked out on the basis of 50% capacity utilization on Single Shift and 300 working days per annum.
- ii) The machinery and equipment are of standard make.
- iii) The cost of raw materials and other expenditure is approximate and based on current market rates.
- iv) The period for achieving envisaged capacity utilization is estimated to be one year after commencement of production.
- v) Interest rate for fixed and working capital has been calculated @ 11% per annum.
- vi) Payback period would commence immediately and the repayment period is estimated at 5 years.

IMPLEMENTATION SCHEDULE

1. The entrepreneur has to arrive at a decision in order to select this product. The guiding factor in this regard would be the market potential, demand and supply gap and availability of resources. It may take 2 to 3 weeks' time.
2. After selecting the product, the entrepreneur has to get provisional registration from DIC, so that he can apply for allotment of land, power, etc., for which about one-week time is required.

3. In order to obtain financial assistance from the financial Institutions, like Commercial Banks or State Financial Corporations, a detailed Project Report is required to be prepared. On the basis of the report, financial institutions may take 8 to 12 weeks time for sanctioning and disbursing the loan. Accordingly, orders for plant and machinery may be finalized and placed. Simultaneously, order for purchase of raw materials is also to be finalized and recruitment of key staff is to be done. This would require 3 to 4 weeks' time.

TECHNICAL ASPECTS

Process of Manufacture

Composing of matter which is to be printed, is done on computer with the help of special Software's such as Corel Draw, Photoshop, MS Office, Page Maker, etc., Thereafter a film is produced with the help of a camera. This film is called negative. The matter, which is to be printed is taken on this film/negative.

The negative and an aluminium plate are put into the printing down frame/exposer. Before starting the exposer, the pre-setting of timer is done in the timer/watch. Generally, it takes approx. 200 seconds for making positive. The time exposer is switched off automatically as soon as positive has been built up. The image of negative is printed on the aluminium plate, which is called positive. After that, the developer is spread on the plate followed by washing with the fresh water. During this process, the matter gets printed on the plate automatically. Thereafter, the aluminium plate is fitted in the offset printing press. This plate is called P.S. Plate, when it is used for first time and thereafter it is called Y-pon Plate. The papers are cut on Paper Cutting Machine. Then the papers are fed one by one into Offset Printing Press. Generally, the capacity of offset printing press is 4000 impressions per hour.

Quality Control and Standards

As per Customers' requirements.

Pollution Control

The manufacturing activity does not pose any pollution as such no special pollution measures are required.

Energy Conservation

Wastage of energy should be minimised as much as possible so that the unit can withstand competition with similar unit.

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	0.99	0.99	0.99	0.99	0.99
Retained Profit	2.29	5.32	9.95	15.47	22.26
Term Loan	5.00	3.75	2.50	1.25	-
Cash Credit	2.65	2.65	2.65	2.65	2.65
Sundry Creditors	0.17	1.00	1.17	1.34	1.50
TOTAL :	11.10	13.71	17.25	21.69	27.40
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	6.95	6.95	6.95	6.95	6.95
Gross Dep.	1.00	1.87	2.61	3.25	3.79
Net Fixed Assets	5.95	5.08	4.34	3.70	3.16
Current Assets					
Sundry Debtors	1.71	2.09	2.44	2.79	3.14
Stock in Hand	1.40	1.68	1.96	2.24	2.52
Cash and Bank	2.04	4.86	8.51	12.95	18.57
TOTAL :	11.10	13.71	17.25	21.69	27.40

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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	0.99	-			
Reserve & Surplus	2.29	3.03	4.63	6.13	7.54
Depriciation & Exp. W/off	1.00	0.87	0.74	0.63	0.54
Increase in Cash Credit	2.65	-	-	-	-
Increase In Term Loan	6.26	-	-	-	-
Increase in Creditors	0.17	0.84	0.17	0.17	0.17
TOTAL :	13.35	4.74	5.54	6.93	8.25
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	6.95	-	-	-	-
Increase in Stock	1.40	0.28	0.28	0.28	0.28
Increase in Debtors	1.71	0.38	0.35	0.35	0.35
Repayment of Term Loan	1.25	1.25	1.25	1.25	1.25
Taxation	-	-	-	0.61	0.75
TOTAL :	11.31	1.91	1.88	2.49	2.64
Opening Cash & Bank Balance	-	2.04	4.86	8.51	12.95
Add : Surplus	2.04	2.82	3.66	4.44	5.62
Closing Cash & Bank Balance	2.04	4.86	8.51	12.95	18.57

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Capacity Utilisation %					
A) SALES					
Gross Sale(Offset Printing)	73.25	89.65	104.65	119.65	134.65
Total (A)	73.25	89.65	104.65	119.65	134.65
B) COST OF SALES					
Raw Mateiral Consumed	49.81	60.07	70.12	80.17	90.22
Electricity Expenses	1.47	1.79	2.09	2.39	2.69
Repair & Maintenance	0.73	1.79	2.09	2.39	2.69
Labour & Wages	5.28	5.81	6.39	7.03	7.73
Depreciation	1.00	0.87	0.74	0.63	0.54
Cost of Production	58.29	70.33	81.43	92.61	103.87
Add: Opening Stock /WIP	-	1.40	1.68	1.96	2.24
Less: Closing Stock /WIP	1.40	1.68	1.96	2.24	2.52
Cost of Sales (B)	56.89	70.05	81.15	92.33	103.59
C) GROSS PROFIT (A-B)	16.37	19.60	23.50	27.32	31.06
	22%	22%	22%	23%	23%
D) Bank Interest (Term Loan)	0.64	0.50	0.36	0.22	0.09
Bank Interest (C.C. Limit)	0.29	0.29	0.29	0.29	0.29
E) Salary to Staff	2.16	2.33	2.52	2.72	2.94
F) Selling & Adm Expenses Exp.	10.99	13.45	15.70	17.95	20.20
TOTAL (D+E)	14.08	16.57	18.87	21.18	23.51
H) NET PROFIT	2.29	3.03	4.63	6.13	7.54
I) Taxation	-	-	-	0.61	0.75
J) PROFIT (After Tax)	2.29	3.03	4.63	5.52	6.79
K) DIVIDEND	-	-	-	-	-
L) RETAINED PROFIT	2.29	3.03	4.63	5.52	6.79

COMPUTATION OF OFFSET PRINTING UNIT

Items to be Manufactured Off set Printing Unit

Booklets

Manufacturing Capacity	Off set Printing U	400	
No. of Working Hour		10	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum	Off set Printing U	1,20,000	
		-	
Year		Capacity Utilization	
		Off set Printing Unit	
IST YEAR		50%	60,000.00
IIND YEAR		60%	72,000.00
IIIRD YEAR		70%	84,000.00
IVTH YEAR		80%	96,000.00
VTH YEAR		90%	1,08,000.00

COMPUTATION OF SALE**Off set Printing Unit**

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	1,400.00	1,680.00	1,960.00	2,240.00
Production	60,000.00	72,000.00	84,000.00	96,000.00	1,08,000.00
	60,000.00	73,400.00	85,680.00	97,960.00	1,10,240.00
Less : Closing Stock	1,400.00	1,680.00	1,960.00	2,240.00	2,520.00
Net Sale	58,600.00	71,720.00	83,720.00	95,720.00	1,07,720.00
Sale Price Per Booklet	125.00	125.00	125.00	125.00	125.00
Sale (in Lacs)	73.25	89.65	104.65	119.65	134.65

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR	
Stock of Consumables						
(15 Days requirement)	1.40	1.68	1.96	2.24	2.52	
Closing Stock	1.40	1.68	1.96	2.24	2.52	

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Total Amount		Own Margin		Bank Finance
Stock in Hand	1.40	10%	0.14	90%	1.26
Sundry Debtors	1.71	10%	0.18	90%	1.53
	3.11	10%	0.32	90%	2.79
Sundry Creditors	0.17	10%	0.03	90%	0.14
	2.94		0.29		2.65
WORKING CAPITAL (HYP) FRESH DEMAND			2.65		
			2.65		

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		10,000.00	2	20,000.00
Unskilled Worker		6,000.00	4	24,000.00
				44,000.00

Annual Cost (in lacs)

5.28

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Accountant		10,000.00	1	10,000.00
Marketing Executive		8,000.00	1	8,000.00
Total Salary Per Month				18,000.00

Annual Cost (in lacs)

2.16

COMPUTATION OF DEPRECIATION

Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	6.50	0.45	6.95
	-	6.50	0.45	6.95
Less : Depreciation	-	0.98	0.02	1.00
WDV at end of Ist year	-	5.53	0.43	5.95
Additions During The Year	-	-	-	-
	-	5.53	0.43	5.95
Less : Depreciation	-	0.83	0.04	0.87
WDV at end of IIInd Year	-	4.70	0.38	5.08
Additions During The Year	-	-	-	-
	-	4.70	0.38	5.08
Less : Depreciation	-	0.70	0.04	0.74
WDV at end of IIIrd year	-	3.99	0.35	4.34
Additions During The Year	-	-	-	-
	-	3.99	0.35	4.34
Less : Depreciation	-	0.60	0.03	0.63
WDV at end of IV year	-	3.39	0.31	3.70
Additions During The Year	-	-	-	-
	-	3.39	0.31	3.70
Less : Depreciation	-	0.51	0.03	0.54
WDV at end of Vth year	-	2.88	0.28	3.16

REPAYMENT SCHEDULE OF TERM LOAN

11%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	6.26	-	6.26	0.17	0.31	5.94
	IInd Quarter	5.94	-	5.94	0.16	0.31	5.63
	IIIRD Quarter	5.63	-	5.63	0.15	0.31	5.32
	Ivth Quarter	5.32	-	5.32	0.15	0.31	5.00
					0.64	1.25	
IIND YEAR	Opening Balance						
	Ist Quarter	5.00	-	5.00	0.14	0.31	4.69
	IInd Quarter	4.69	-	4.69	0.13	0.31	4.38
	IIIRD Quarter	4.38	-	4.38	0.12	0.31	4.07
	Ivth Quarter	4.07	-	4.07	0.11	0.31	3.75
					0.50	1.25	
IIIRD YEAR	Opening Balance						
	Ist Quarter	3.75	-	3.75	0.10	0.31	3.44
	IInd Quarter	3.44	-	3.44	0.09	0.31	3.13
	IIIRD Quarter	3.13	-	3.13	0.09	0.31	2.81
	Ivth Quarter	2.81	-	2.81	0.08	0.31	2.50
					0.36	1.25	
IVTH YEAR	Opening Balance						
	Ist Quarter	2.50	-	2.50	0.07	0.31	2.19
	IInd Quarter	2.19	-	2.19	0.06	0.31	1.88
	IIIRD Quarter	1.88	-	1.88	0.05	0.31	1.56
	Ivth Quarter	1.56	-	1.56	0.04	0.31	1.25
					0.22	1.25	
VTH YEAR	Opening Balance						
	Ist Quarter	1.25	-	1.25	0.03	0.31	0.94
	IInd Quarter	0.94	-	0.94	0.03	0.31	0.63
	IIIRD Quarter	0.63	-	0.63	0.02	0.31	0.31
	Ivth Quarter	0.31	-	0.31	0.01	0.31	0.00
					0.09	1.25	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	3.29	3.90	5.37	6.15	7.33
Interest on Term Loan	0.64	0.50	0.36	0.22	0.09
Total	3.92	4.40	5.73	6.38	7.42
<u>REPAYMENT</u>					
Instalment of Term Loan	1.25	1.25	1.25	1.25	1.25
Interest on Term Loan	0.64	0.50	0.36	0.22	0.09
Total	1.89	1.75	1.61	1.47	1.34
DEBT SERVICE COVERAGE RATIO	2.08	2.51	3.55	4.32	5.55
AVERAGE D.S.C.R.			3.60		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	73.25	89.65	104.65	119.65	134.65
Less : Op. WIP Goods	-	1.40	1.68	1.96	2.24
Add : Cl. WIP Goods	1.40	1.68	1.96	2.24	2.52
Total Sales	74.65	89.93	104.93	119.93	134.93
Variable & Semi Variable Exp.					
Raw Material & Tax	49.81	60.07	70.12	80.17	90.22
Electricity Exp/Coal Consumption at 85%	1.25	1.52	1.78	2.03	2.29
Wages & Salary at 60%	4.46	4.88	5.34	5.85	6.40
Repair & Maintenance	0.73	1.79	2.09	2.39	2.69
Selling & administrative Expenses 80%	8.79	10.76	12.56	14.36	16.16
Intt. On Working Capital Loan	0.29	0.29	0.29	0.29	0.29
Total Variable & Semi Variable Exp	65.33	79.32	92.18	105.09	118.05
Contribution	9.32	10.61	12.75	14.84	16.88
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.22	0.27	0.31	0.36	0.40
Wages & Salary at 40%	2.98	3.26	3.56	3.90	4.27
Interest on Term Loan	0.64	0.50	0.36	0.22	0.09
Depreciation	1.00	0.87	0.74	0.63	0.54
Selling & administrative Expenses 20%	2.20	2.69	3.14	3.59	4.04
Total Fixed Expenses	7.03	7.59	8.12	8.70	9.34
Capacity Utilization	50%	60%	70%	80%	90%
OPERATING PROFIT	2.29	3.03	4.63	6.13	7.54
BREAK EVEN POINT	38%	43%	45%	47%	50%
BREAK EVEN SALES	56.30	64.27	66.84	70.35	74.63

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