



**National Institute of Micro, Small and Medium Enterprises
(ni-msme) [an Organisation of Ministry of MSME, Govt. of
India] Yousufguda, HYDERABAD – 500 045**

Manufacture Of Paper Napkins

1. Introduction

Paper napkin is a small piece of tissue paper used for hand or face cleaning. These are becoming popular with the catering industry due to manifold usages. Now a days they are being more and more used in households, institutions etc. These are absorbent, hygenic, light and can be had with attractive printing.

2. Market Demand

Urbanisation has made a profound impact on our dining habits. One of the notable change is the increased use of paper napkins now a days, which was otherwise could be seen only in western countries. Plain paper napkins are now being widely used in restaurants, households, vehicles, industries, institutions etc. Paper napkins with colourful layout and attractive designs are having bright prospects with our restaurants focussing on tidiness and adornment.

3. Production Targets

Basis of Estimation: 300 Working Days in a Year Single Shift basis 8 hours per shift

Quantity (Kg) : 150000

Value (Rs) : 9750000

4. Manufacturing Process

Tissue paper roll are fed to the flexographic printing machine with attachment for the manufacturing of paper napkins wherein, these are printed and cut to the size with the device already fixed with the machine

Courtesy :



5. Land and Building

Rent for each month	4000
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6. MACHINERY AND EQUIPMENT

SL.NO	Description	Qty.	Value (Rs.)
1	Two colour flexographic machine with attachment of paper napkin	1	400000
2	Testing Equipment	L.S.	
3	Edge sealing and cutting machine	L.S.	
4	Hand Tools	L.S.	
5	Sales Tax, Freight & Insurance etc		40000
	Total		440000

7. RAW MATERIALS (PER MONTH)

SL.NO	Particulars	Quantity (tonne)	Value (Rs)
1	Tissue Paper 21 GSM	12.5	700000
2	Inks & Other Consumables	L.S.	10000
3	Packaging Material	L.S.	3000
		Total	713000

Courtesy :



8. STAFF AND LABOUR (PER MONTH)

SL.NO	Employee	No.	Amount
A	Administrative and Supervisory		
(i)	Manager	1	7000
(ii)	Peon/ Chowkidar	1	2000
B	Technical (Skilled- Unskilled)		
(i)	Skilled Worker	1	6000
(ii)	Unskilled Worker	2	8000
	Sub-Total		23000
	Plus perquisites @ 20% of salaries		4600
	TOTAL		27600

8. OTHER EXPENSES (PER MONTH)

1	Rent of Land & Building	4000
2	Electricity Charges	2500
3	Transport	3000
4	Consumable & stores etc.	1000
5	Postage expenses/ telephones	1000
6	Stationery	1000
7	Repairs & Maintenance	1000
	Total	13500

9. WORKING CAPITAL (ONE MONTH)

Courtesy :  **मुद्रा**

SL NO	DESCRIPTION	AMOUNT (RS)
1	Raw material	713000
2	Salaries & Wages	27600
3	Other Expenses	13500
	Total	754100

10. TOTAL CAPITAL INVESTMENT

Machinery & Equipment	440000
Working capital for one month	754100
Total	1194100

11. SOURCE OF FUNDS

SL NO	ITEM	AMOUNT (RS)
1	Term Loan	308000
2	Working capital loan	527870
3	Own Contribution	358230

12.COST OF PRODUCTION (PER

Courtesy :  **मुद्रा**

ANNUM)

Total recurring cost per year	9049200
Depreciation on machinery & equipment	88000
Interest on term loan and working capital loan @ 14%	117021.8
Total	9254222

13. SALES PROCEEDS (PER ANNUM)

SL NO.	Item	Qty (Kg)	Value (Rs.)
1	Paper Napkins	150000	9750000
	Total		9750000

14. PROFITABILITY

1	Annual Gross Profit	495778
2	% of Profit on Sales	5.08%
3	Break Even Analysis	
3.1	Annual Fixed Cost	367021.8
3.2	Annual Sales	9750000
3.3	Annual Variable Cost	8887200
3.4	Break Even Point	42.54%
4	Debt Service Coverage Ratio	2.05

Source:- Udyami Mitra/Sidbi

Courtesy : 