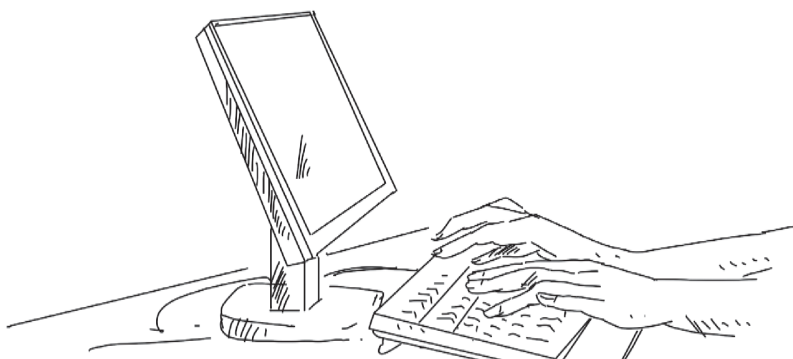


DESKTOP PUBLISHING



1.0 INTRODUCTION

Desk Top Publishing (DTP) is an electronic system used for composing texts, designing layouts, preparing design and data processing for printing. The DTP has many advantages in comparison to the manual process. It is factual and can quickly edit with minimum mistakes. Text and graphics can be merged into single file, achieve higher productivity, efficiency, quality in printing and publishing with economy. DTP is used for typesetting, layout, printing, graphics and photographs etc. With the latest DTP software packages it is possible to undertake a variety of work in the field of printing and publishing.

This project profile is for setting up of Desk Top Publishing Centre unit with capacity of DTP jobs work up to 15,000 pages per annum, based on 300 working days per annum and 8 working hours per day.

2.0 MARKET POTENTIAL

DTP has modernised the traditional printing industry by improving the quality, efficiency, productivity etc. DTP has replaced the old concept of letter setting and printing. DTP facility has ample opportunities for undertaking job work

on sub-contract basis for printing and publishing houses, Govt. departments, educational institutions, business houses, industries, advertisement agencies, bank etc. There is good scope for using DTP facility for designing and producing newsletter, certificates, data sheets, brochures, invitation cards, catalogues etc. With Proper marketing, high quality and competitive price this type of Industries have sufficient potentiality.

3.0 PROCESS DETAILS

Personal computer is loaded with DTP software like Corel draw, page maker, MS word, venus, Prakashak etc. for designing and producing the printed matter. The text is typed, composed and arranged as per requirement. The whole text is displayed on colour monitor for correction and edition. The edited page is then printed on paper using the laser printer.

The main process steps are;

1. Preparing draft of the matter to be printed on computer word processor.
2. Checking/comparing drafted matter.
3. Correcting draft on computer screen.
4. Obtaining printout of material.

4.0. COST OF THE PROJECT

The estimated project cost is given below:

Particulars	(Rs. in lacs)
	Amount (Rs)
Land & Site Development	Rented
Building & Civil works	Rented
Plant & Machinery	2.49
Misc. Fixed assets	0.68
Preliminary & pre-operative expenses	0.36
Contingencies & escalation @ 3%	0.10
Working capital	0.24
TOTAL	3.87

4.1 Land & Site Development: Nil.

Total Land: 2,000 Sq. Ft. ; Covered Area: 1,000 Sq. Ft.

4.2 Building & Civil Works: Nil.**4.3 Plant & Machinery:** Details of plant & machinery are given below.

Particulars	Qty	Rate (Rs)	Amount (Rs)
Multimedia Desktop Computer with accessories	4	40000	160000
Laser Printers	2	12000	24000
Colour Printer	2	6000	12000
Scanner	2	2500	5000
Miscellaneous Equipment	LS	—	25000
Sub total			226000
Add: Installation, transportation, etc @ 10%			22600
TOTAL			248600
Say (Rs. in lacs)			2.49

4.4 Misc. Fixed assets: Details of miscellaneous fixed assets are given below.

Particulars	Qty	Rate (Rs)	Amount (Rs)
Electrification	LS	—	12000
Furniture & fixtures including Racks etc.	LS	—	30000
Miscellaneous items	LS	—	20000
Sub total			62000
Add: Installation, transportation, etc @ 10%			6200
TOTAL			68200
Say (Rs. in lacs)			0.68

4.5 Contingencies & escalation: Contingencies & escalation has been assumed at 3% of the cost of land & site development, building & civil works, plant & machinery and miscellaneous fixed assets.**4.6 Preliminary & pre-operative expenses:** Details of preliminary & pre-operative expenses are given below.

		(Rs. In lacs)
Particulars	Amount (Rs)	
Travelling expenses	5000	
Professional & other fees	15000	
Interest during implementation	6336	
Miscellaneous expenses	10000	
TOTAL	36336	
Say (Rs. in lacs)	0.36	

4.7 Working capital: Details of working capital are given below.

		(Rs. in lacs)		
	Period (Days)	Total Current Assets		
		Year 1	Year 2	Year 3
Raw materials	15	0.03	0.04	0.05
Power & utility	30	0.01	0.02	0.02
Salary	30	0.22	0.22	0.22
Finished Goods	15	0.16	0.17	0.18

Receivables	15	0.18	0.22	0.25
Total		0.61	0.66	0.71
Working capital margin in Year 1 (40%)	0.24			

5.0 MEANS OF FINANCE

The means of finance for the project is estimated as below.

(Rs. in lacs)

Particulars	Percent	Amount
<u>EQUITY</u>		
A. Equity from Promoters	40%	1.55
B. Subsidy from Central/State Govt.	-	
<u>DEBT</u>		
Term Loan from Banks/Financial Institutions	60%	2.32
TOTAL	100%	3.87

6.0 PROFITABILITY STATEMENT

(Rs. in lacs)

Particulars	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
<u>A. INCOME</u>					
Production Capacity (Pages/annum)	15000	15000	15000	15000	15000
Capacity utilisation	60%	70%	80%	80%	80%
Production/annum at capacity utilisation	9000	10500	12000	12000	12000
Total income/annum	4.50	5.25	6.00	6.00	6.00
<u>B. OPERATING EXPENSES</u>					
Raw Materials	0.82	0.96	1.10	1.10	1.10
Power & Utility	0.17	0.20	0.23	0.23	0.23
Salary	2.64	2.65	2.67	2.68	2.69
Repair & Maintenance	0.06	0.06	0.06	0.06	0.06
Other Expenses	0.23	0.26	0.30	0.30	0.30
Total Operating Expenses	3.92	4.14	4.36	4.37	4.39
Operating profit	0.58	1.11	1.64	1.63	1.61
<u>C. FINANCIAL EXPENSES</u>					
Depreciation	0.17	0.17	0.17	0.17	0.17
Interest on Term Loan	0.18	0.15	0.11	0.06	0.02
Interest on Working Capital Loan	0.03	0.03	0.03	0.03	0.03
Net Profit	0.19	0.76	1.33	1.36	1.38
Net cash accruals	0.37	0.93	1.50	1.53	1.56
Principal Repayment	0.26	0.52	0.52	0.52	0.52

6.1 Production capacity and Sales Realisation: Total annually production at 100% capacity utilization is estimated as below.

DTP Service (Pages)	15000 Pages
Total production per annum at 100% capacity	15000 Pages

Products	Qty	Average Rate Per Page (Rs.)	Amount (Rs)
DTP Service	15000 Pages	50 Per Page	750000
Total Sale Turnover per annum at 100% capacity			750000

6.2 Raw materials: Total expenses on raw materials at 100% capacity utilization are estimated as below.

Products	Qty	Average Rate Per Unit (Rs.)	Amount (Rs)
Paper	35 Reams	600	21000
Toners for Laser Printer	24 Nos.	2500	60000
Ink	50 Litres	350	17500
Printer Ribbon	40 Nos.	220	8800
Other Consumables	LS	--	30000
Expenses on raw material at 100% capacity (Rs)			137300

6.3 Power & Utility: Total expenses on power & utility at 100% capacity utilization is estimated as below.

Particulars	Quantity	Power (Kw)	Total (Kw)
Plant & Machinery (Total 2 HP)	--	1.49	1.49
General Lighting	5	0.10	0.50
Total power requirement/ day (Kw)			1.99
No. of hrs/day	8		
No. of days/annum	300		
Annual power requirement (kwh)	4781		
Rate per unit (Rs)	3.50		
Expenses on Power (Rs)	16733		
Expenses on Other Utility (Rs)	12000		
Expenses on power & utility at 100% capacity (Rs)		28733	

6.4 Salary: Total expenses on salary in the 1st year are estimated as given below. It is assumed that salary expenses will increase @ 0.5% every subsequent year.

Particulars of Employees	Numbers	Salary/ Month (Rs)	Cost/ annum (Rs)
Manager	1	5000	60000
DTP Operators	3	4000	144000
Unskilled workers	2	2500	60000
Expenses on salary in the 1st year (Rs)			264000

6.5 Repair & Maintenance: Total expenses on repair & maintenance in the 1st year is estimated as given below. It is assumed that expenses on repair & maintenance will increase @ 2% every subsequent year.

			(Rs. in lacs)
Particulars	Cost (Rs)	Rate	Amount (Rs)
Building & Civil works	0.00	1.00%	0.00
Plant & Machinery	2.49	2.00%	0.05
Misc. Fixed assets	0.68	1.50%	0.01
Expenses on repair & maintenance in year 1			0.06

6.6 Other Expenses: Other expenses have been assumed at 5% of sales realisation.

6.7 Depreciation: Depreciation has been calculated by straight line method. The details of calculation are given below.

(Rs in lacs)			
Description	Cost (Rs)	Rate	Amount/ annum (Rs)
Building & Civil works	0.00	3.34%	0.00
Plant & Machinery	2.49	5.28%	0.13
Misc. Fixed assets	0.68	6.33%	0.04
TOTAL			0.17

6.8 Interest on term loan & principal repayment: Interest rate has been assumed at 8%. Duration of Loan repayment has been considered for a period of 5 years including moratorium period of 6 months with equal monthly instalments. The details of calculation are given below.

(Rs in lacs)						
Month	Year	1	2	3	4	5
Month 1	Opening balance	2.32	2.07	1.55	1.03	0.52
	Repayment	0.00	0.04	0.04	0.04	0.04
	Interest (8%)	0.02	0.01	0.01	0.01	0.00
	Closing balance	2.32	2.02	1.51	0.99	0.47
Month 2	Opening balance	2.32	2.02	1.51	0.99	0.47
	Repayment	0.00	0.04	0.04	0.04	0.04
	Interest	0.02	0.01	0.01	0.01	0.00
	Closing balance	2.32	1.98	1.46	0.95	0.43
Month 3	Opening balance	2.32	1.98	1.46	0.95	0.43
	Repayment	0.00	0.04	0.04	0.04	0.04
	Interest	0.02	0.01	0.01	0.01	0.00
	Closing balance	2.32	1.94	1.42	0.90	0.39
Month 4	Opening balance	2.32	1.94	1.42	0.90	0.39
	Repayment	0.00	0.04	0.04	0.04	0.04
	Interest	0.02	0.01	0.01	0.01	0.00
	Closing balance	2.32	1.89	1.38	0.86	0.34
Month 5	Opening balance	2.32	1.89	1.38	0.86	0.34
	Repayment	0.00	0.04	0.04	0.04	0.04
	Interest	0.02	0.01	0.01	0.01	0.00
	Closing balance	2.32	1.85	1.33	0.82	0.30
Month 6	Opening balance	2.32	1.85	1.33	0.82	0.30
	Repayment	0.00	0.04	0.04	0.04	0.04
	Interest	0.02	0.01	0.01	0.01	0.00
	Closing balance	2.32	1.81	1.29	0.77	0.26
Month 7	Opening balance	2.32	1.81	1.29	0.77	0.26
	Repayment	0.04	0.04	0.04	0.04	0.04
	Interest	0.02	0.01	0.01	0.01	0.00
	Closing balance	2.28	1.77	1.25	0.73	0.22
Month 8	Opening balance	2.28	1.77	1.25	0.73	0.22
	Repayment	0.04	0.04	0.04	0.04	0.04
	Interest	0.02	0.01	0.01	0.00	0.00
	Closing balance	2.24	1.72	1.21	0.69	0.17
Month 9	Opening balance	2.24	1.72	1.21	0.69	0.17
	Repayment	0.04	0.04	0.04	0.04	0.04
	Interest	0.01	0.01	0.01	0.00	0.00
	Closing balance	2.20	1.68	1.16	0.65	0.13

Month 10	Opening balance	2.20	1.68	1.16	0.65	0.13
	Repayment	0.04	0.04	0.04	0.04	0.04
	Interest	0.01	0.01	0.01	0.00	0.00
	Closing balance	2.15	1.64	1.12	0.60	0.09
Month 11	Opening balance	2.15	1.64	1.12	0.60	0.09
	Repayment	0.04	0.04	0.04	0.04	0.04
	Interest	0.01	0.01	0.01	0.00	0.00
	Closing balance	2.11	1.59	1.08	0.56	0.04
Month 12	Opening balance	2.11	1.59	1.08	0.56	0.04
	Repayment	0.04	0.04	0.04	0.04	0.04
	Interest	0.01	0.01	0.01	0.00	0.00
	Closing balance	2.07	1.55	1.03	0.52	0.00
Principal Repayment		0.26	0.52	0.52	0.52	0.52
Interest		0.18	0.15	0.11	0.06	0.02

7.0 DEBT SERVICE COVERAGE RATIO (DSCR)

(Rs. in lacs)

Year	1	2	3	4	5
Profit After Tax (Net Profit)	0.19	0.76	1.33	1.36	1.38
Depreciation	0.17	0.17	0.17	0.17	0.17
Interest	0.18	0.15	0.11	0.06	0.02
Total	0.55	1.08	1.61	1.59	1.58
Interest	0.18	0.15	0.11	0.06	0.02
Loan repayment	0.26	0.52	0.52	0.52	0.52
Total	0.44	0.66	0.62	0.58	0.54
DSCR	1.25	1.63	2.59	2.75	2.93

Average DSCR = 2.25

8.0 BREAK EVEN POINT (BEP)

(Rs. in lacs)

Year	1	2	3
A. Net sales	4.50	5.25	6.00
B. Variable cost			
Raw Materials	0.82	0.96	1.10
Power & Utility	0.17	0.20	0.23
Other expenses	0.23	0.26	0.30
Interest on Working Capital Loan	0.03	0.03	0.03
Total variable cost	1.25	1.46	1.66
C. Contribution (A-B)	3.25	3.79	4.34
D. Fixed & Semi-fixed Costs			
Salary	2.64	2.65	2.67
Repair & maintenance	0.06	0.06	0.06
Interest on Term Loan	0.18	0.15	0.11
Depreciation	0.17	0.17	0.17
Total fixed cost	3.06	3.04	3.01
E. BREAK EVEN POINT	94.06%	80.02%	69.36%
F. BEP at operating capacity	56.43%	56.01%	55.49%
G. Cash BEP	53.21%	52.79%	52.27%

9.0 INTERNAL RATE OF RETURN (IRR)**(Rs. in lacs)**

Year	0	1	2	3	4	5
CASH OUTFLOW						
Capital Expenditure	3.27	0.00	0.00	0.00	0.00	0.00
Working Capital	0.00	0.61	0.05	0.05	0.00	0.00
Total (A)	3.27	0.61	0.05	0.05	0.00	0.00
CASH INFLOW						
Profit After Tax		0.19	0.76	1.33	1.36	1.38
Add: Depreciation		0.17	0.17	0.17	0.17	0.17
Add: Interest		0.18	0.15	0.11	0.06	0.02
Add: Salvage Value						
Total (B)	0.00	0.55	1.08	1.61	1.59	1.58
NET FLOW (B-A)	-3.27	-0.06	1.03	1.56	1.59	1.58

IRR = 30%