

# White Staple Pins

PRODUCT CODE	: 387502009
QUALITY AND STANDARDS	: IS 4224 : 1972
PRODUCTION CAPACITY	: Qty. : 648 Cartons (per annum) Value : Rs. 25.92 Lakhs
MONTH AND YEAR OF PREPARATION	: February, 2003
PREPARED BY	: Small Industries Service Institute Industrial Estate, Kokar, Ranchi (Jharkhand) Phone Nos.: 544743, 544161, 544419, 544392 Fax: 544419

## INTRODUCTION

The project is to manufacture staple pins especially of galvanised iron wire type, commonly known as white staples. These staples find wide application to staple sheets of paper, cheque, common known bills, album photos, sandwich bags and in financial institutions, offices, garment industry, leather industry, rubber industry and any shop delivering the materials in packets and so on.

These white shining staples of good quality are currently imported involving an estimated foreign exchange drain of Rs. 60 crores per year. In India, manufacturing has been limited to mostly copper coated staples, which unfortunately rust fast. Also some white staples made from substandard wires have been in the market. However, neither of these are comparable in quality and performance to these of white staples such as those of "MAX" of Japan.

## MARKET POTENTIAL

White staples made in India can compete without strain against "MAX" of Japan especially since the matching quality is assured while the whole sales price is low per packet of No. 10 staples. With the assistance of sales representatives and a network of dealers organisation, it is apparent that the staple pins can be sold easily in domestic market. The project also envisages entering exports especially since the staple pins can stand up to the rigours of the International quality standards.

## BASIS AND PRESUMPTIONS

1. Capacity utilisation - 75% on single shift basis.
2. Time period (one year) - 300 days
3. Labour wages-Estimated on the minimum wages.
4. Rate of interest -16% per annum.

5. Margin money -25% varying from State to State.
6. Operation period of project- 10 Years.
7. Rental charges @ Rs. 27.50/ sq.mtr. May vary according to particular location.
8. Cost of machinery and equipment is approximate to that prevailing in the market.

### IMPLEMENTATION SCHEDULE

Sl.No. Activity	Period
1. Selection of site	2 weeks
2. Preparation of project report	4 weeks
3. Provisional registration	1 week
4. Financial arrangement	8 weeks
5. Procurement of machinery	6 weeks
6. Installation, electrification and commissioning of machinery	8 weeks.

### TECHNICAL ASPECTS

#### Process of Manufacture

The process of making staple pins has been simplified with introduction of sophisticated fully Automatic Staple Pin Making Machines. The preformed round wire is fed to the machine which flattens it and produces the necessary staple pins in pre-determined lengths of 50 staple pins in each length. The formation of this length is assisted by the use of a special staple pin adhesive, also developed in India. The staple pin lengths are packed suitably with each packet containing 1000 pins. 20 of these packets are packed in a box and 40 of these packets are packed in cardboard carton.

### Quality Control and Standards

The pins should be manufactured as per relevant Indian specification IS 4224:1972.

### Production Capacity

648 cartons of staple pins

Motive Power 10 HP.

### Pollution Control

Manufacturing of this product does not attract pollution control measures.

### Energy Conservation

The unit is equipped with low powered machinery. The energy conservation efforts need in this unit are the creation of awareness among the workers.

### FINANCIAL ASPECTS

#### A. Fixed capital

(i) Land and Building (Rented)	Amt. (In Rs.)
Covered area 120 Sq.mtrs @ Rs. 27.50/ sq.mtrs	3300

#### (ii) Machinery and Equipments

Sl No.	Description	Qty.	Amount (In Rs)
1.	Automatic staple pin making machines with electricals	12 Nos.	17,47,200
2.	Double ended Bench grinder cap 8" wheel		17,875
3.	Common tools and measuring instruments		8,000
4.	Spares and fixtures		5,000
	Installation and electrification @ 10%		1,76,500
	Office equipment, furniture etc.		30,000
	Total		19,84,57
(iii)	Pre-operative Expenses		10,000
	Total Fixed Capital (i+ii+ iii)		19,94,575
	Say		19,94,570

**B. Working Capital (per month)****(i) Personnel Salary and Wages**

Sl. No.	Designation	No.	Salary (Rs.)	Total (In Rs)
1.	Manager/Foreman	1	6000	6000
2.	Accountant clerk/typist	1	1800	1800
3.	Skilled worker	2	2000	4000
4.	Semi-skilled worker	1	1800	1800
5.	Helper	2	1500	3000
6.	Watchman	1	1500	1500
		Total		18,100
		Add perquisites @15%		2,715
		Total		20,815
		Say		20,800

**(ii) Raw Material (indigenous) (In Rs.)**

1.	Preformed wire (round wire) @ Rs. 45 per kg. 100 Kg		45,000
2.	Adhesive @ Rs. 195 per ltrs. 52 Ltrs.	10,140	
3.	Packing material/boxes L.S.	17,550	
	Total		72,690

**(iii) Utilities (In Rs.)**

Power	3,500
Water	500
Total	4,000

**(iv) Other Contingent Expenses (Rs.)**

1. Rent	3,300
2. Postage and stationery	500
3. Travelling and transport	1,000
4. Repairs and maintenance	1,500
5. Advertisement and publicity	500
6. Insurance	500
7. Consumable stores	300
8. Telephone charges	500
9. Selling expenses	5000
10. Misc. expenditure	1500
Total	14,600

**(v) Total Recurring Expenditure (per month)**

(i + ii + iii + iv)

Rs. 20,800 + 72,690 + 4000 + 14,600

= Rs. 1,12,090

Say = Rs. 1,12,100

**(vi) Total Working Capital for 3 months**

Rs. 3,36,300

**C. Total Capital Investment**

(a) Fixed Capital	19,94,570
(b) Working Capital (for 3 months)	3,36,300
Total	23,30,870

**FINANCIAL ANALYSIS****(1) Cost of Production (per month) (In Rs.)**

Total recurring cost	13,45,200
Depreciation on machinery and equipment @ 10%	1,95,450
Depreciation on office equipment @ 20%	6,000
Interest on total investment @ 16%	3,72,950
Total	19,19,600
Say	19,20,000

**(2) Total Sales (per annum)**

By sale of 648 cartons No.10 staple pin @ Rs. 4000/ carton

Rs. 25,92,000

**(3) Profit (per year)**

Rs. 2592000 - 19,20,000 = Rs.6,72,000

**(4) Net Profit Ratio**

$$= \frac{\text{Net profit} \times 100}{\text{Turnover}}$$

$$= \frac{6,72,000 \times 100}{2592000}$$

= 26%

**(5) Rate of Return**

$$= \frac{\text{Net profit} \times 100}{\text{Total Investment}}$$

$$= \frac{672000 \times 100}{2330870}$$

= 29%

**(6) Break-even Point**

Fixed Cost	Amount (In Rs.)
1. Rent	39,600
2. Depreciation	2,01,450
3. Interest on capital investment	3,72,950
4. Insurance	6,000
5. 40% of salary and wages	99,840
6. 40% of other contingent expenses (excluding rent and insurance)	51,840
Total	7,71,680

$$\begin{aligned}
 \text{B.E.P.} &= \frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Profit}} \\
 &= \frac{7,71,680 \times 100}{7,71,680 + 6,72,000} \\
 &= \frac{7,71,680 \times 100}{14,43,680} \\
 &= 53.4\%
 \end{aligned}$$

#### Addresses of Machinery Suppliers

1. M/s. Industrial Machine Corporation  
F-36, C, Sainik Market,  
Main Road,

Ranchi - 834001.

2. M/s. OTO Corporation  
305, 5th Main Cross,  
TV Phase Peanya Indl. Area,  
Bangalore - 560058
3. Sohal Engg. Corporation  
61, Ganesh Chandra Avenue,  
Kolkata-700013.

#### Raw Material Suppliers

Raw material available in the local markets.