

PROJECT AT A GLANCE

1. Name of the Project : ABC & Company
2. Name of the Promoter : Mr. Kailash Rao
3. Constitution : Proprietary concern
4. Project Location : Nanded [Maharashtra]
5. Nature of Activity : Briquetting of Bio-mass waste.
6. Capacity of the unit : 6000 MT per Annum
7. Raw Materials : Agro & Forest Waste, Baggase etc.
8. Land Required : 8800 Sq. Mts.
9. Plant & Machinery : Rs. 17.00 Lakhs
10. Employment envisaged : 50 Full Time
11. Environmental pollution : No.
12. Source of know-how : Indigenous
13. SSI Regn.No. :
14. Debt Equity Ratio : 2.23 Average
15. Break Even Point : 35 % at 80 % Capacity utilization
16. Pay Back Period : 2.9 Years.
17. Internal Rate of Return : 24 %
18. Sales Turnover : Rs. 43.20 Lakhs at 60 % Capacity.
19. Special Point to be noted : Project promoted under KVIC Margin Money Scheme of REGP.

Assessment of Working Capital :

Particulars	Basis	I YEAR	II YEAR	III YEAR
1. Work in Process	7 days	0.86	1.01	1.15
2. Raw Material	60 days	2.82	3.29	3.77
3. Finished Goods	15 days	1.80	2.10	2.40
4. Expenses	30 days	2.51	3.60	4.68

Total		8.00	10.00	12.00
75 % Bank Finance for working Capital		6.00	7.50	9.00

MARGIN MONEY FOR WORKING CAPITAL		2.00	2.50	3.00

COST OF THE PROJECT

[Rs. in lakhs.]

R. J.	PARTICULAR	TOTAL COST	AMOUNT ALREADY RAISED	AMOUNT TO BE RAISED
	• Factory Land & Development	2.00	2.00	0.00
	• Building Construction Civil Work	5.00	0.00	5.00
	• Plant & Machinery	17.00	0.00	17.00
	• Other Fixed Assets	0.60	0.00	0.60
	• Preliminary & Pre-Op.Exps.	0.40	0.00	0.40
	• Margin Money for working Capital	2.00	0.00	2.00
	TOTAL	27.00	2.00	25.00

MEANS OF FINANCE:

:	PARTICULAR	TOTAL COST	AMOUNT ALREADY RAISED	AMOUNT TO BE RAISED
	Promoters Capital	8.25	2.00	6.25
	Term Loan from Bank 14.25			
	Margin Money from KVIC 4.50	18.75	0.00	18.75
	TOTAL:	27.00	2.00	25.00

The bank will sanction & Disburse Total Term loan of Rs. 18.75 out of which 4.50 lakhs will be Margin money from KVIC, Hence Interest & Repayment will be for Term Loan of Rs. 14.25 only.

STATEMENT OF DEPRECIATION

[Rs. in Lakhs]

PARTICULAR	BUILDING & CIVIL WORK	PLANT & MACHI- NERIES.	OTHER FIXED ASSETS	PRIL. & PRE-OP EXPS.	TOTAL DEPREC- IATION
RATE OF DEPRECIATION:	10%	25%	10%	20%	
COST OF ACQUISITION:	5.00	17.00	0.60	0.40	23.00
1 st Year Depreciation	0.50	4.25	0.06	0.08	4.89
WDV at the end of 1 st Year	4.50	12.75	0.54	0.32	
2 nd Year Depreciation	0.45	3.19	0.05	0.08	3.77
WDV at the end of 2 nd Year	4.05	9.56	0.49	0.24	
3 rd Year Depreciation	0.41	2.39	0.05	0.08	2.92
WDV at the end of 3 rd Year	3.65	7.17	0.44	0.16	
4 th Year Depreciation	0.36	1.79	0.04	0.08	2.28
WDV at the end of 4 th Year	3.28	5.38	0.39	0.08	
5 th Year Depreciation	0.33	1.34	0.04	0.08	1.79
WDV at the end of 5 th Year	2.95	4.03	0.35	0.00	
6 th Year Depreciation	0.30	1.01	0.04	0.00	1.34
WDV at the end of 6 th Year	2.66	3.03	0.32	0.00	
7 th Year Depreciation	0.27	0.76	0.03	0.00	1.05
WDV at the end of Year	2.39	2.27	0.29	0.00	

INTEREST & REPAYMENT SCHEDULE OF MEDIUM TERM LOAN

Amount of Term Loan: Rs. 14.25 LAKHS

Rate of Interest: 14 % P.A.

Repayment Schedule 20 Quarterly Installments from the date of final disbursement with Months moratorium period.

Amount of Instalment: Rs. 71250/- WITH INT. AS AND WHEN DUE.

[Rs. in Lakhs]

YEAR & INSTALMENT NO.		TERM LOAN	REPAY.	BALANCE	INTEREST @14%	YEARLY INTEREST
I Year	1 st	14.25	0.00	14.25	0.50	
	2 nd	14.25	0.00	14.25	0.50	
	3 rd	14.25	0.71	13.54	0.50	
	4 th	13.54	0.71	12.83	0.47	1.97
II Year	1 st	12.83	0.71	12.11	0.45	
	2 nd	12.11	0.71	11.40	0.42	
	3 rd	11.40	0.71	10.69	0.40	
	4 th	10.69	0.71	9.98	0.37	1.65
III Year	1 st	9.98	0.71	9.26	0.35	
	2 nd	9.26	0.71	8.55	0.32	
	3 rd	8.55	0.71	7.84	0.30	
	4 th	7.84	0.71	7.13	0.27	1.25
IV Year	1 st	7.13	0.71	6.41	0.25	
	2 nd	6.41	0.71	5.70	0.22	
	3 rd	5.70	0.71	4.99	0.20	
	4 th	4.99	0.71	4.28	0.17	0.85
V Year	1 st	4.28	0.71	3.56	0.15	
	2 nd	3.56	0.71	2.85	0.12	
	3 rd	2.85	0.71	2.14	0.10	
	4 th	2.14	0.71	1.43	0.07	0.45
VI Year	1 st	1.43	0.71	0.71	0.05	
	2 nd	0.71	0.71	0.00	0.02	
	3 rd	0.00	0.00	0.00	0.00	
	4 th	0.00	0.00	0.00	0.00	0.07
TOTAL			14.25		6.23	6.23

ANNUAL SALES STATEMENTS:

The annual sales revenue are estimated on the basis of sales price.
The annual turnover is worked out as follows:

[Rs. in Lakhs]

FINISHED PRODUCTS	RAW MATERIAL M.T.	YIELD	PRODUCTION PER ANNUM M.T.	RATE RS.PER M.T.	TOTAL SALES VALUE
1. WHITE COAL	7059	85%	6000	1200	72.00
2. SHORTAGE	7059	15%	1059	0	0.00
NO. OF WORKING DAYS IN A YEAR					255
					72.00
					=====

ANNUAL REQUIRMENT OF A RAW MATERIAL:

For White Coal Unit the raw materials required at 100% capacity utilization and their cost is given below.

[Rs. in Lakhs]

ITEMS	RAW MATERIAL MT P.A.	RATE PER M.T.	TOTAL MATERIAL COST
1. VARIOUS AGRO WASTE	7060	400	28.24
NO.OF WORKING DAYS IN A YEAR			255
			28.24
			===

PROJECT PROFITABILITY STATEMENT:

[Rs. in Lakhs]

PARTICULAR	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR	VI YEAR
A) SALES RECEIPT AT 100% CAPACITY RS.	72.00					
RAW MATERIAL COST AT 100% CAPACITY RS.	28.24					
B) CAPACITY UTILISATION: (IN PERCENTAGE)	60%	70%	80%	80%	80%	80%
C) PRODUCTION & SALE: (OUTPUT IN LAKHS RS.)	43.20	50.40	57.60	57.60	57.60	57.60
D) SALES REVENUE	43.20	50.40	57.60	57.60	57.60	57.60
E) MANUFACTURING EXPENSES:						
1. Raw material cost	16.94	19.77	22.59	22.59	22.59	22.59
2. Other consumables	1.00	1.17	1.33	1.33	1.33	1.33
3. Power/fuel/water	3.60	4.20	4.80	4.80	4.80	4.80
4. Labour & Staff wages	9.81	10.30	10.81	11.35	11.92	12.52
5. Repairs & Maintenance	0.40	0.42	0.42	0.44	0.44	0.44
6. Depreciation	4.89	3.77	2.92	2.28	1.79	1.34
(As per statement)						
COST OF SALE:	36.64	39.62	42.88	42.80	42.88	43.02
F) GROSS PROFIT: (D-E)	6.56	10.78	14.72	14.80	14.72	14.58
G) ADMINISTRATIVE EXPS.	1.30	1.37	1.43	1.50	1.58	1.66
H) SELLING & DISTR. EXPS.	2.16	2.52	2.88	2.88	2.88	2.88
I) INTEREST ON:						
1. Term Loan	1.97	1.65	1.25	0.85	0.45	0.07
2. CC Loan	0.84	1.05	1.26	1.26	1.26	1.26
Sub Total:	6.27	6.58	6.82	6.49	6.17	5.87
J) NET PROFIT BEFORE TAX	0.29	4.20	7.90	8.31	8.55	8.71
Deduction U/s. 80-IB	0.29	4.20	7.90	8.31	8.55	2.18
		0.00	0.00	0.00	0.00	0.00
6.53						
I) NET PROFIT AFTER TAX	0.29	4.20	7.90	8.31	8.55	6.75

COMPUTATION OF D.S.C.R.:

[Rs. in Lakhs]

PARTICULARS	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR	VI YEAR
COVER:						
1. Net Profit After Tax	0.29	4.20	7.90	8.31	8.55	6.75
2. Depreciation	4.89	3.77	2.92	2.28	1.79	1.34
3. Term loan Interest	1.97	1.65	1.25	0.85	0.45	0.07
TOTAL:	7.15	9.61	12.07	11.44	10.79	8.16
SERVICE:						
1. Term Loan Instalment	1.43	2.85	2.85	2.85	2.85	1.43
2. Term Loan Interest	1.97	1.65	1.25	0.85	0.45	0.07
3. Promoters Withdrawals	0.00	1.00	1.00	1.50	1.50	1.50
TOTAL	3.40	5.50	5.10	5.20	4.80	3.00
D.S.C.R. RATIO:	2.11	1.75	2.37	2.20	2.25	2.72
AVEREGE				2.23		

The debt service coverage ratio shows the ability of the unit to repay interest and principal amount

Of loan term loans. A unit is considered healthy if its debt service coverage ratio is 1.7 of more.

PROJECTED BALANCE SHEET AT THE END OF:

[Rs. in Lakhs]

PARTICULAR	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR	VI YEAR
CAPITAL & LIABILITIES:						
Promoters Capital	8.25	8.25	8.25	8.25	8.25	8.25
Reserves & Surplus	0.00	0.29	3.49	10.38	17.19	24.25
Profit for the year	0.29	4.20	7.90	8.31	8.55	6.75
LESS Withdrawals	0.29	4.49	11.38	18.69	25.75	30.99
Closing Balance	0.00	1.00	1.00	1.50	1.50	1.50
KVIC Margin Money	4.50	4.50	4.50	4.50	4.50	4.50
Medium Term Loan	12.83	9.98	7.13	4.28	1.43	0.00
CURRENT LIABILITIES:						
Bank CC Loan	6.00	7.50	9.00	9.00	9.00	9.00
TOTAL:	31.86	33.71	39.26	43.22	47.42	51.24
ASSETS & PROPERTIES:						
FIXED ASSETS:						
Fixed Assets	25.00	20.11	16.34	13.41	11.13	9.34
Less: Depreciation	4.89	3.77	2.92	2.28	1.79	1.34
Net Fixed Assets	20.11	16.34	13.41	11.13	9.34	8.00
CURRENT ASSETS:						
Inventories	7.20	8.40	14.40	19.20	19.20	19.20
Trade Debtors	2.40	4.20	4.80	4.80	4.80	4.80
Cash & Bank Balance	2.15	4.77	6.64	8.08	14.08	19.24
TOTAL:	31.86	33.71	39.26	43.22	47.42	51.24

PROJECTED CASH FLOW STATEMENT:

[Rs. in Lakhs]

PARTICULAR	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR	VI YEAR
SOURCES OF FUNDS:						
Promoters Capital	8.25	--	--	--	--	--
KVIC Margin Money	4.50	--	--	--	--	--
Bank Term Loan	14.25	--	--	--	--	--
Bank CC Loan	6.00	1.50	1.50	0.00	0.00	0.00
Profit before Tax	0.29	4.20	7.90	8.31	8.55	8.71
Depreciation	4.89	3.77	2.92	2.28	1.79	1.34
TOTAL	38.18	9.47	12.32	10.59	10.35	10.04
DEPOSITION OF FUNDS:						
Fixed Assets Acqui.	25.00	--	--	--	--	--
Repayment of Term Loan	1.43	2.85	2.85	2.85	2.85	1.43
Promoters Withdrawals	0.00	1.00	1.00	1.50	1.50	1.50
Income Tax payment	0.00	0.00	0.00	0.00	0.00	1.96
Increase in Inventories	7.20	1.20	6.00	4.80	0.00	0.00
Increase in Trade Debtors	2.40	1.80	0.60	0.00	0.00	0.00
TOTAL:	36.03	6.85	10.45	9.15	4.35	4.88
A) Opening Cash Balance	0.00	2.15	4.77	6.64	8.08	14.08
B) Surplus/ (deficit)	2.15	2.62	1.87	1.44	6.00	5.16
C) Closing Cash Balance	2.15	4.77	6.64	8.08	14.08	19.24

COMPUTATION OF BREAK EVEN POINT:

[Rs. in Lakhs]						
PARICULAR	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR	VI YEAR
A) VARIABLE EXPANSES:						
Raw Material Cost	16.94	19.77	22.59	22.59	22.59	22.59
Other Consumables	1.00	1.17	1.33	1.33	1.33	1.33
Utilities. -80%	2.88	3.36	3.84	3.84	3.84	3.84
Staff & Labours -80%	7.85	8.24	8.65	9.08	9.54	10.01
Reapirs & Maint. -50%	0.20	0.21	0.21	0.22	0.22	0.22
Bank CC Interest -100%	0.84	1.05	1.26	1.26	1.26	1.26
Sales & Distr. -100%	2.16	2.52	2.88	2.88	2.88	2.88
TOTAL:	31.87	36.31	40.77	41.21	41.66	42.14
B) FIXED EXPENSES:						
Depreciation -100%	4.89	3.77	2.92	2.28	1.79	1.34
Utilities. -20%	0.72	0.84	0.96	0.96	0.96	0.96
Staff & Labour -20%	1.96	2.06	2.16	2.27	2.38	2.50
Repairs & Maint. -50%	0.20	0.21	0.21	0.22	0.22	0.22
Term Loan Int. -100%	1.97	1.65	1.25	0.85	0.45	0.07
Administrative -100%	1.30	1.37	1.43	1.50	1.58	1.66
TOTAL	11.04	9.89	8.94	8.08	7.39	6.76
C) TOTAL SALES REVENUE	43.20	50.40	57.60	57.60	57.60	57.60
D) CONTRIBUTION [C-A]	11.33	14.09	16.84	16.39	15.94	15.46
E) BREAK EVEN POINT	97.45%	70.21%	53.08%	49.32%	46.34%	43.70%
Fixed Cost -----x100 Contribution						
F) BREAK EVEN SALES	42.10	35.39	30.58	28.41	26.69	25.17
G) INSTALLED CAPACITY	72.00	72.00	72.00	72.00	72.00	72.00
F) % BEP TO INSTALLED CAPACITY	58.47%	49.15%	42.47%	39.45%	37.07%	34.96%

INTERNAL RATE OF RETURN AND PAY BACK PERIOD:

An Investment's internal rate of return is that rate which causes the net present value of the out flows and inflows if an investment to equal 0. To put it in a different way, the internal rate of return is the discount rate that causes the present value of the inflows to equal the present value of the outflows.

Like net present value, Internal rate of return is a technique that is used to measure the attractiveness of an investment, an attractive investment is one that, when discounted at the appropriate hurdle rate, would yield a Net present value greater than 0.

COMPUTATION OF INTERNAL RATE OF RETURN (IRR) (AS PER P/V FACTOR)

[Rs. in Lakhs]					
Year	Net Cash Inflow	D.F. @24%	Present Value	D.F. @20%	Present Value
0	-25.00	1.000	-25.00	1.000	-25.00
1	5.18	0.806	4.17	0.838	4.34
2	7.97	0.650	5.18	0.691	5.51
3	10.82	0.524	5.67	0.579	6.27
4	10.59	0.423	4.48	0.482	5.10
5	10.35	0.341	3.53	0.402	4.16
6	8.09	0.275	2.22	0.335	2.71
7	0.00	0.222	0.00	0.279	0.00
			0.26		3.08

The IRR Is more than 24%

Total Fixed Assests are Rs. 25.00 Lacs Hence I.R.R.= 24%

PAY BACK PERIOD

Pay back period is defined as the no. of months or years required for the unit to generate cumulative gross operating surplus equal to the fixed capital investment in the project. The pay back period of the unit is estimated in the following table.

COMPUTATION OF PAY BACK PERIOD:

PARTICULAR	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR	VI YEAR
Net Profit before Tax	0.29	4.20	7.90	8.31	8.55	8.71
Depreciation	4.89	3.77	2.92	2.28	1.79	1.34
Interest on Term Loans	1.97	1.65	1.25	0.85	0.45	0.07
GROSS OPERATING SURPLUS	7.15	9.61	12.07	11.44	10.79	10.12
CUMULATIVE GROSS OPERATING SURPLUS:	7.15	16.76	28.83	40.27	51.07	61.18

Total Fixed Capital Investment is Rs.25.00 Lacs which will be recovered in the Third year of operation.

Therefore PAY BACK PERIOD – 2.9 YEARS OR 34 MONTHS.

COMPUTATION OF DEBIT EQUITY RATION:

PARTICULAR	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR	VI YEAR]
A. PROMOTERS CAPITAL	8.25	8.25	8.25	8.25	8.25	8.25
B. RESERVE & SURPLUS	0.29	3.49	10.38	17.19	24.25	29.49
C. KVIC MARGIN MONEY	4.50	4.50	4.50	4.50	4.50	4.50
TOTAL EQUITY:	13.04	16.24	23.13	29.94	37.00	42.24
A. TEMRM LOAN	12.83	9.98	7.13	4.28	1.43	0.00
B. UNSECURED LOAN	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DEBTS:	12.83	9.98	7.13	4.28	1.43	0.00
DEBT EQUITY RATIO:	0.98	0.61	0.31	0.14	0.04	0.00

The debt to equity ration which is estimated to be 0.98 at the end of first year will fall to 0.04 at the end of fifth

years according to these projections.

MANPOWER REQUIRMENT:

The requirement of personnel has been worked out by taking into consideration the anticipated work loan, degree of skill required proposed to be operated on three shift basis comprising of eight hours each on a 300 days working schedule in a year. Based upon the plant capacity and number of machines, the total requirement of personnel is estimated at 50 Nos. under various categories. Annual wage bill of the staff works out to Rs. 9.81 Lakhs. An allowance of about 15% is made to account for overhead charges like bonus, provident fund, ESI etc.

[Rs. in Lakhs]

DESIGNATION	NOS.	MONTHLY PAY RS.	ANNUAL WAGES
A] FACTORY SUPERVISION			
1 Manager	1	4000	0.48
2 Maintenance Engineer	1	3500	0.42
3 Supervisors	1	2000	0.24
4 Store Keepers	1	2000	0.24
B] ADMINISTRATIVE & SALES			
1 Admn. Officer	1	4000	0.48
2 Sales / Purchase Officer	2	2500	0.60
3 Accountants	1	2000	0.24
4 Sales Assistants	2	1500	0.36
5 Typists / Clerks	2	1200	0.29
C] LABOUR & WATCH & WARD			
1 Skilled Workers	8	1800	1.73
2 Semi-Skilled Workers	8	1200	1.15
3 Unskilled Workers	20	1000	2.40
4 Watchmen	2	1200	0.29
	50		8.92
Other Benefits 10%			0.89
TOTAL LABOUR COST :			9.81
			=====

ADMINISTRATIVE OVERHEADS :

Administrative Overheads include administrative and office expenses such as staff traveling, office Stationery and postage, telephone bills, audit fee, legal fee, bank charges and other sundry expenses.

Rent, Rates and Taxes	0.10
Traveling & Conveyance Expenses	0.10
Postage, Telegram, Telephones	0.10
Printing and Stationary	0.10
Advertisement and Publicity	0.10
Insurance of Fixed assets	0.20
Legal and Professional Exps.	0.20
Bank Charges, Guarantee, Commission etc.	0.20
Auditors Fees & Expenses	0.10
Other Miscellaneous Expenses	0.10

Rs. 1.30 Lakhs

REPAIRS AND MAINTENANCE :

On the basis of norms available from similar plants in operation, provision has been made for annual cost of maintenance and repairs. The maintenance and repair expenses are estimated at 1% of the cost of building And structures and 2% of the erected cost of plant maintenance and repairs is estimated as under :

1.	Cost of maintenance of buildings & Structures @ 1 % of Rs .5.00 Lakhs.	0.05
2	Cost of maintenance of Plant & Machinery @ 2 % of Rs.17.00 Lakhs	0.34
3	Cost of maintenance of Other Fixed Assets @ 2 % of RS.0.60 Lakhs	0.01

Rs. 0.40 Lakhs

SALES EXPENSES:

The sales expenses generally cover commission, brokerage, discount etc. The annual sales Expenses are estimated at 5 % of the annual sales revenue.

INTEREST ON WORKING CAPITAL LOANS:

To partially meet the working capital requirements of the project, the promoters will have To make arrangements for cash credit facility with nationalized bank. The reserve bank Of India has now fixed a minimum floor of 12.00 % for all loans of above Rs.2.00 Lakhs by all nationalized commercial banks and the banks are allowed to charge interest At rates higher than this to any extent depending upon the state of the money market in The country from time to time. For the purpose of calculating the interest on short term Loans in this report it is assumed that the interest rate for short term loans from banks Will be 14 % per annum.

It is proposed to raise a sum of Rs.18.75 Lacs as long term loans from financial institutions to meet the capital cost of the project the principal will be repayment in 20 quarterly installments. The repayment will be started from the end of completion of 1st year of the working of the unit. Interest on Long Term Loan is assumed at 14% per annum.

DEPRECIATION:

For income tax purposes, the depreciation of depreciable assets (all fixed assets except land & site development) is carried out by written down value method at applicable rate permitted under the Income Tax Act and Rules.

INCOME TAX BENIFITES:

The following income tax benefits will be available to the unit from the beginning of the Assessment Year relevant to previous year in which the unit begins to manufacture.

Under Section 80-IB of the Income Tax Act, the unit will be entitled to the deduction of 100% from the profits and gains derived for first 5 years and thereafter 25% for next 5 years.

SPECIAL CAPITAL INCENTIVE FROM DIC:

State Government has declared to give Special Capital Incentive to all SSI Units set up in Hingoli District @ 40% of the Fixed Assets which will definitely be helpful for early repayment of Term Loans.