

**PROJECT REPORT ON PAPAD MAKING MODEL
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CHAPTER 1

COST OF PROJECT

The total cost of setting up the project is estimated at approximately Rs. 9.82 Lacs
The estimated cost is based on data collected from detailed market survey and consultations with various professionals and is as such realistic and need based.

[Rupees in lacs]

S.NO.	PARTICULARS	TOTAL ESTIMATED COST
1	Plant & Machinery	9.32
2	Furniture & Fixtures	0.20
3	Other Assets	0.30
TOTAL AMOUNT Rs. ...		9.82

CHAPTER 2

MEANS OF FINANCE

[Rupees in lacs]

S.NO.	PARTICULARS	TOTAL
1	Term Loan from Bank	7.86
2	Own Capital	1.96
TOTAL AMOUNT Rs. ...		9.82

CHAPTER 3
ASSUMPTIONS TO COST AND PROFITABILITY STATEMENT

1 INVESTMENT IN FIXED ASSETS

Sr No.	Description	Rate	Amount
A	Plant and Machinery	Qty. Price	Cost
1	Grinder with electric motor having 30-35 kgs/hr. capacity	1 ₹ 1,22,000	₹ 1,22,000
2	Shifter	1 ₹ 2,00,000	₹ 2,00,000
3	Mixer of 20 kgs. per charge capacity with electric motor	1 ₹ 2,24,485	₹ 2,24,485
4	Pedal-operated papad press	1 ₹ 2,14,000	₹ 2,14,000
5	Drier with trolley and 48 trays with heating element of 9 KW	1 ₹ 1,50,000	₹ 1,50,000
6	Sealing Machine	1 ₹ 5,000	₹ 5,000
7	Weighing Scale	1 ₹ 17,000	₹ 17,000
			₹ 9,32,485
B	Furniture & Fixtures		
1	Working Platform	1 ₹ 10,000	₹ 10,000
2	Working Table	2 ₹ 5,000	₹ 10,000
			₹ 20,000
C	Other Assets		
1	Computer	1 ₹ 25,000	₹ 25,000
2	Printer	1 ₹ 5,000	₹ 5,000
			₹ 30,000
GRAND TOTAL [A + B + C]			₹ 9,82,485

2 CAPACITY

Sr No.	Description												
A	Sales												
	<table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">Name of Product</td> <td style="width: 20%;">Quantity (Per Kg</td> <td style="width: 20%;">Sale Price Per</td> <td style="width: 20%;"></td> </tr> <tr> <td></td> <td style="text-align: center;">Per Day)</td> <td style="text-align: center;">Kg</td> <td></td> </tr> <tr> <td>→ Papad</td> <td style="text-align: center;">120</td> <td style="text-align: center;">₹ 210</td> <td></td> </tr> </table>	Name of Product	Quantity (Per Kg	Sale Price Per			Per Day)	Kg		→ Papad	120	₹ 210	
Name of Product	Quantity (Per Kg	Sale Price Per											
	Per Day)	Kg											
→ Papad	120	₹ 210											
B	Annual Sales as per Capacity Utilisation												
Year	Rate	Quantity in Kgs (Per Year)	Sale Price Per Kgs	Total Sales Value									
Year I	70%	21,000	₹ 210	44,10,000									
Year II	75%	22,500	₹ 221	49,61,250									
Year III	80%	24,000	₹ 232	55,56,600									
Year IV	85%	25,500	₹ 243	61,99,082									
Year V	90%	27,000	₹ 255	68,91,920									

It is assumed that sale price will increase by 5% every year

C Annual Raw Material Cost as per Capacity Utilisation

Raw Material required for processing of Papad are flour of pulses, salt, red chilli powder, turmeric powder and refined oil.

Assumed Cost of above Raw Material for 1 Kg of Papad produced ₹ 100

Year	Rate	Quantity in Kgs (Per Year)	Raw Material Cost (Per Kg)	Total Raw Material Cost
Year I	70%	21,000	₹ 100	21,00,000
Year II	75%	22,500	₹ 105	23,62,500
Year III	80%	24,000	₹ 110	26,46,000
Year IV	85%	25,500	₹ 116	29,51,944
Year V	90%	27,000	₹ 122	32,81,867

It is assumed that the Rate per unit will be increased by 5 % every year

D Recurring Expenses	Annual Cost
→ Electricity	₹ 4,00,000
→ Employee Benefits (Salary)	As per Annexure A
→ Telephone Expenses	₹ 2,000
→ Stationery Expenses	₹ 10,000
→ Travelling & Transport expenses	₹ 1,00,000
→ Administrative Expenses	₹ 20,000
→ Repair and Maintenance	₹ 1,00,000
→ Other Factory overhead	₹ 2,00,000
→ Rent, Taxes & Insurance	₹ 1,00,000
→ Marketing Expenses	₹ 50,000

It is assumed that above Expenses will increase by 10 % every year

E Other Assumptions-

	Holding Period
Inventory	20 Days
Debtors	10 Days
Creditors	7 Days

CHAPTER 4

PROJECTED COST AND PROFITABILITY STATEMENT

(Rs. in lacs)

YEARS	PROJECTED				
	Ist YEAR	IIInd YEAR	IIIInd YEAR	IVth YEAR	Vth YEAR
<u>INCOME</u>					
Sales - Papad	44.10	49.61	55.57	61.99	68.92
TOTAL AMOUNT Rs. ...	44.10	49.61	55.57	61.99	68.92
<u>EXPENDITURE</u>					
Raw Material Cost	21.00	23.63	26.46	29.52	32.82
Packing Cost	0.32	0.34	0.36	0.38	0.41
Rent, Taxes & Insurance	1.00	1.10	1.21	1.33	1.46
Travelling & Transport Expenses	1.00	1.10	1.21	1.33	1.46
Electricity Expenses	4.00	4.40	4.84	5.32	5.86
Salary	8.05	8.86	9.74	10.72	11.79
Repairs & Maintenance	1.00	1.10	1.21	1.33	1.46
Telephone Expenses	0.02	0.02	0.02	0.03	0.03
Stationery Expenses	0.10	0.11	0.12	0.13	0.15
Administrative Expenses	0.20	0.22	0.24	0.27	0.29
Other Factory overhead	2.00	2.20	2.42	2.66	2.93
Marketing Expenses	0.50	0.55	0.61	0.67	0.73
Insurance	0.19	0.21	0.23	0.25	0.27
Interest Cost - Term Loan	0.73	0.60	0.45	0.28	0.10
Depreciation	1.46	1.25	1.06	0.90	0.77
TOTAL AMOUNT Rs. ...	41.57	45.67	50.18	55.12	60.53
NET SURPLUS	2.53	3.95	5.39	6.87	8.38
Add :	-	-	-	-	-
Depreciation	1.46	1.25	1.06	0.90	0.77
CASH ACCRUALS	4.00	5.19	6.45	7.77	9.15
Interest on Loan	0.73	0.60	0.45	0.28	0.10
CASH ACCRUALS BEFORE INTEREST	4.73	5.79	6.90	8.05	9.26

PAYMENT AND PROVISION TO STAFF

In arriving at the cost under this head, the details of various staff members have been worked out alongwith the estimated salaries in each case. The calculations are as under :-

SL. NO.	PARTICULARS	No. of persons	Ist YEAR		IInd YEAR		IIIrd YEAR		IVth YEAR		Vth YEAR	
			Monthly salary	Total Annual Amount	Monthly salary	Total Annual Amount	Monthly salary	Total Annual Amount	Monthly salary	Total Annual Amount	Monthly salary	Total Annual Amount
1	Plant Manager	1	15,000	1,80,000	16,500	1,98,000	18,150	2,17,800	19,965	2,39,580	21,962	2,63,538
2	Accountant	1	10,000	1,20,000	11,000	1,32,000	12,100	1,45,200	13,310	1,59,720	14,641	1,75,692
3	Production Supervisor	1	10,000	1,20,000	11,000	1,32,000	12,100	1,45,200	13,310	1,59,720	14,641	1,75,692
4	Operator	1	8,000	96,000	8,800	1,05,600	9,680	1,16,160	10,648	1,27,776	11,713	1,40,554
5	Salesman	1	8,000	96,000	8,800	1,05,600	9,680	1,16,160	10,648	1,27,776	11,713	1,40,554
6	Labour	2	10,000	1,20,000	11,000	1,32,000	12,100	1,45,200	13,310	1,59,720	14,641	1,75,692
				7,32,000		8,05,200		8,85,720		9,74,292		10,71,721
	Add : Other Benefits @10% of salary			73,200		80,520		88,572		97,429		1,07,172
			TOTAL	8,05,200	TOTAL	8,85,720	TOTAL	9,74,292	TOTAL	10,71,721	TOTAL	11,78,893
	OR SAY RS.			8.05 Lacs		8.86 Lacs		9.74 Lacs		10.72 Lacs		11.79 Lacs

ANNEXURE "B"

FINANCIAL EXPENSES - TERM LOAN

(RS IN LACS)

Years	Opening Balance	Amount Raised During The Year	Interest during the year	Repayment During the year	Closing Balance
Ist YEAR	-	7.86	0.73	2.00	6.58
IIInd YEAR	6.58	-	0.60	2.00	5.18
IIIrd YEAR	5.18	-	0.45	2.00	3.62
IVth YEAR	3.62	-	0.28	2.00	1.90
Vth YEAR	1.90	-	0.10	2.00	0.00
	-	7.86	2.16	10.02	0.00

ANNEXURE "C"

DEPRECIATION

(Rs. in lacs)

PARTICULARS	RATE OF DEP.	DEPRECIATION				
		I	II	III	IV	V
PLANT & MACHINERY	15.00%	1.40	1.19	1.01	0.86	0.73
FURNITURE & FIXTURES	10.00%	0.02	0.02	0.02	0.01	0.01
OTHER ASSETS	15.00%	0.05	0.04	0.03	0.03	0.02
TOTAL		1.46	1.25	1.06	0.90	0.77

ANNEXURE "D"

YEAR WISE COST INCURRED ON FIXED ASSETS

[Rupees in Lacs]

PARTICULARS	YEAR WISE COST				
	I	II	III	IV	V
PLANT & MACHINERY	9.32	-	-	-	-
FURNITURE & FIXTURES	0.20	-	-	-	-
OTHER ASSETS	0.30				
TOTAL	9.82	-	-	-	-

ANNEXURE "E"

WRITTEN DOWN VALUE OF FIXED ASSETS

[Rupees in Lacs]

PARTICULARS	YEAR-WISE WDV				
	I	II	III	IV	V
PLANT & MACHINERY	7.93	6.74	5.73	4.87	4.14
FURNITURE & FIXTURES	0.18	0.16	0.15	0.13	0.12
OTHER ASSETS	0.26	0.22	0.18	0.16	0.13
TOTAL	8.36	7.12	6.06	5.16	4.39

PROJECTED BALANCE SHEET

(RS IN LACS)

PARTICULARS	Y E A R S				
	Ist YEAR	IIInd YEAR	IIIInd YEAR	IVth YEAR	Vth YEAR
<u>LIABILITIES</u>					
<u>Own's Capital</u>					
Opening Balance	-	4.20	6.14	7.53	9.10
Add: Contribution during the year	1.96	-	-	-	-
Profit for the year	2.53	3.95	5.39	6.87	8.38
	4.50	8.14	11.53	14.40	17.49
Less: Drawings(including Taxes)	0.30	2.00	4.00	5.30	5.90
Closing Balance	4.20	6.14	7.53	9.10	11.59
Term Loan from Bank	6.58	5.18	3.62	1.90	0.00
<u>CURRENT LIABILITES & PROVISIONS</u>					
Sundry Creditors	0.41	0.46	0.51	0.57	0.64
TOTAL RS. ...	11.19	11.78	11.67	11.57	12.22
<u>ASSETS</u>					
Fixed Assets	8.36	7.12	6.06	5.16	4.39
<u>CURRENT ASSETS, LOAN & ADVANCES</u>					
Inventories	1.17	1.31	1.47	1.64	1.82
Sundry Debtors	1.21	1.36	1.52	1.70	1.89
Cash & Bank Balances	0.46	1.99	2.62	3.08	4.13
TOTAL RS. ...	11.19	11.78	11.67	11.57	12.22

CASH FLOW STATEMENT

Rs. in Lacs.

PARTICULARS	YEARS				
	Ist YEAR	IIInd YEAR	IIIInd YEAR	IVth YEAR	Vth YEAR
<u>CASH INFLOW</u>					
Term Loan from Bank	7.86	-	-	-	-
Own Capital	1.96	-	-	-	-
Cash Accruals (Before interest)	4.73	5.79	6.90	8.05	9.26
Increase in Current Liabilities	0.41	0.05	0.05	0.06	0.06
TOTAL (A)	14.96	5.84	6.95	8.11	9.32
<u>CASH OUTFLOW</u>					
Fixed Assets purchased	9.82	-	-	-	-
Interest & Principal of Term Loan	2.00	2.00	2.00	2.00	2.00
Increase in Current Assets	2.38	0.30	0.32	0.34	0.37
Drawings	0.30	2.00	4.00	5.30	5.90
TOTAL (B)	14.51	4.30	6.32	7.65	8.28
OPENING BALANCE	-	0.46	1.99	2.62	3.08
NET SURPLUS (A-B)	0.46	1.54	0.63	0.46	1.04
CLOSING BALANCE	0.46	1.99	2.62	3.08	4.13

ANNEXURE 'H'

EMI SCHEDULE				
Loan	7,85,988			
No. of Inst.	60			
R.O.I.	10.00%			
EMI	16,700			
Inst. #	Opening Balance	Interest	Repayment	Closing Balance
1	7,85,988	6,550	16,700	7,75,838
2	7,75,838	6,465	16,700	7,65,603
3	7,65,603	6,380	16,700	7,55,283
4	7,55,283	6,294	16,700	7,44,878
5	7,44,878	6,207	16,700	7,34,385
6	7,34,385	6,120	16,700	7,23,805
7	7,23,805	6,032	16,700	7,13,137
8	7,13,137	5,943	16,700	7,02,380
9	7,02,380	5,853	16,700	6,91,533
10	6,91,533	5,763	16,700	6,80,596
11	6,80,596	5,672	16,700	6,69,567
12	6,69,567	5,580	16,700	6,58,447
TOTAL RS...	7,85,988	72,858	2,00,399	6,58,447
13	6,58,447	5,487	16,700	6,47,234
14	6,47,234	5,394	16,700	6,35,928
15	6,35,928	5,299	16,700	6,24,528
16	6,24,528	5,204	16,700	6,13,032
17	6,13,032	5,109	16,700	6,01,441
18	6,01,441	5,012	16,700	5,89,753
19	5,89,753	4,915	16,700	5,77,968
20	5,77,968	4,816	16,700	5,66,084
21	5,66,084	4,717	16,700	5,54,101
22	5,54,101	4,618	16,700	5,42,019
23	5,42,019	4,517	16,700	5,29,836
24	5,29,836	4,415	16,700	5,17,551
TOTAL RS...	6,58,447	59,503	2,00,399	5,17,551

25	5,17,551	4,313	16,700	5,05,164
26	5,05,164	4,210	16,700	4,92,674
27	4,92,674	4,106	16,700	4,80,080
28	4,80,080	4,001	16,700	4,67,381
29	4,67,381	3,895	16,700	4,54,576
30	4,54,576	3,788	16,700	4,41,664
31	4,41,664	3,681	16,700	4,28,644
32	4,28,644	3,572	16,700	4,15,516
33	4,15,516	3,463	16,700	4,02,279
34	4,02,279	3,352	16,700	3,88,932
35	3,88,932	3,241	16,700	3,75,473
36	3,75,473	3,129	16,700	3,61,902
TOTAL RS...	5,17,551	44,749	2,00,399	3,61,902
37	3,61,902	3,016	16,700	3,48,218
38	3,48,218	2,902	16,700	3,34,420
39	3,34,420	2,787	16,700	3,20,507
40	3,20,507	2,671	16,700	3,06,478
41	3,06,478	2,554	16,700	2,92,332
42	2,92,332	2,436	16,700	2,78,068
43	2,78,068	2,317	16,700	2,63,685
44	2,63,685	2,197	16,700	2,49,183
45	2,49,183	2,077	16,700	2,34,559
46	2,34,559	1,955	16,700	2,19,814
47	2,19,814	1,832	16,700	2,04,946
48	2,04,946	1,708	16,700	1,89,954
TOTAL RS...	3,61,902	28,451	2,00,399	1,89,954
49	1,89,954	1,583	16,700	1,74,837
50	1,74,837	1,457	16,700	1,59,594
51	1,59,594	1,330	16,700	1,44,224
52	1,44,224	1,202	16,700	1,28,726
53	1,28,726	1,073	16,700	1,13,099
54	1,13,099	942	16,700	97,341
55	97,341	811	16,700	81,452
56	81,452	679	16,700	65,431
57	65,431	545	16,700	49,277
58	49,277	411	16,700	32,987
59	32,987	275	16,700	16,562
60	16,562	138	16,700	-
TOTAL RS...	1,89,954	10,446	2,00,399	-

ANNEXURE "I"**LOAN REPAYMENT SCHEDULE**

YEARS		PRINCIPAL	INTEREST	TOTAL
Ist YEAR	=	1.28	0.73	2.00
IIInd YEAR	=	1.41	0.60	2.00
IIIrd YEAR	=	1.56	0.45	2.00
IVth YEAR	=	1.72	0.28	2.00
Vth YEAR	=	1.90	0.10	2.00
Total Rs (in lacs)		7.86	2.16	10.02

ANNEXURE "J"

DEBT SERVICE COVERAGE RATIO (DSCR)

$$= \frac{\text{Cash Accruals} + \text{Interest on Term Loan}}{\text{Principal Repayment (TL)} + \text{Interest on Term Loan}}$$

	Cash Accruals	Interest on Term Loan	Principal Repayment	Ratio
Ist YEAR	4.73	0.73	2.00	1.73
IIInd YEAR	5.79	0.60	2.00	2.23
IIIrd YEAR	6.90	0.45	2.00	2.81
IVth YEAR	8.05	0.28	2.00	3.52
Vth YEAR	9.26	0.10	2.00	4.39
Average DSCR				2.94

BREAK EVEN POINT ANALYSIS

Particulars	1st Year	2nd Year	3rd Year	4th Year	5th Year
Fixed Cost (Rs.in Lacs)	20.25	21.70	23.36	25.22	27.31
Variable Cost (Rs.in Lacs)	21.32	23.96	26.82	29.90	33.22
Total Cost (Rs.in Lacs)	41.57	45.67	50.18	55.12	60.53
Sales (Rs.in Lacs)	44.10	49.61	55.57	61.99	68.92
Contribution (Sales-VC) (Rs.in Lacs)	22.79	25.65	28.75	32.09	35.70
B.E.P in %	88.88	84.62	81.26	78.60	76.51
Break Even Sales (Rs. In Lacs)	39.20	41.98	45.15	48.72	52.73
Break Even Point (Kgs per Year)	18,664	19,039	19,501	20,043	20,658
Break Even Point (Kgs per Day)	74.66	76.16	78.00	80.17	82.63

RATIO ANALYSIS SCHEDULE

PARTICULARS	1st Year	2nd Year	3rd Year	4th Year	5th Year	AVERAGE
Debt Service Coverage Ratio	1.73	2.23	2.81	3.52	4.39	2.94
Interest Service Coverage Ratio	6.49	9.72	15.41	28.30	88.61	29.71
Debt-Equity Ratio	1.57	0.84	0.48	0.21	0.00	0.62
Current Ratio	0.40	0.83	1.36	2.60	12.29	3.50
Net Cash Flow 10.00%	4.00	4.72	5.33	5.84	6.25	5.23