



DETAILED PROJECT REPORT

PAPAD MAKING UNIT

UNDER PMFME SCHEME



National Institute of Food Technology Entrepreneurship and Management

Ministry of Food Processing Industries

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1. PROJECT SUMMARY

1. Name of the proposed project	:	Papad Making Unit
2. Nature of proposed project	:	Proprietorship/Company/Partnership
3. Proposed project capacity	:	182400 Kg/annum (30,35,40,45&50% capacity utilization in 1 st to 5 th Year respectively)
4. Raw material	:	Urad Pulse Flour, Salt, Sodium Bicarbonate, Hing, Black Pepper, Water and Oil.
5. Major product outputs	:	Papad
6. Total project cost	:	Rs. 21.30 Lakh
• Land development, building & Civil Construction	:	Nil
• Machinery and equipment's	:	Rs. 13.55 Lakh
• Miscellaneous Fixed Assets	:	Rs. 2.50 Lakh
• Working capital	:	Rs. 5.25 Lakh
7. Means of Finance		
• Subsidy (max 10lakhs)	:	Rs. 5.62 Lakh
• Promoter's contribution (min10%)	:	Rs. 2.12 Lakh
• Term loan	:	Rs. 8.83 Lakh
• Working Capital Requirement	:	Rs. 4.72 Lakh
8. Profit after Depreciation, Interest & Tax		
• 1 st year	:	Rs. 2.07 Lakh
• 2 nd year	:	Rs. 3.45 Lakh
• 3 rd year	:	Rs. 5.09 Lakh
• 4 th year	:	Rs. 6.88Lakh
• 5 th year	:	Rs. 8.62 Lakh
9. Average DSCR	:	Rs. 3.26
10. Term loan repayment	:	5 Years with 6 months grace period

2. ABOUT THE PRODUCT

2.1. PRODUCT INTRODUCTION:

Papad is also known as Papadam. Papad is nothing but the thin Indian wafer, which can be referred as a cracker or flat bread. Papad is generally made from dried lentils, it can be eaten fried or roasted. There are variety of papad flavors available in the market, that are made to suit the requirement of each and every individual. The basic composition of the papad varies from a number of ingredients such as cereal flour, pulse flour, soya flour, spice mixes, chemical mixes and different vegetable juices for improving both organoleptic and nutritional characteristics. In India, Papad has a vital place in every meal. It is highly served or accompanied either as a snack, chaat or with main course recipes. Papad is an example of the genius of Indian cuisine. Originally there are two types of Papad – North Indian papad and South Indian papad. They come into different sizes and textures such as mini papad, big papads, roasted papad, khakra and many more.

Uses of the product:

- Papads are typically served as an accompaniment with any meal in India.
- Papad can be eaten as a starter or snack dish.
- Papad can be enjoyed with variety of pickles, chutneys and sauces.
- You can munch the Papad as a great snack dish.
- Papad is often crushed and sprinkled on the rice.

2.2. MARKET POTENTIAL:

The demand of Papad is increasing day-by-day due to urbanization and improvement in the standards of living of the masses especially in the towns/cities. There is a good potential for good quality products at competitive prices in the Indian market. This is a food item which is good in taste. They are liked by most of the people and the demand for papad is steadily growing across the country.

2.3. RAW MATERIAL DESCRIPTION:

Basic raw material requirement are as follows:

- Urad Pulse Flour
- Salt
- Sodium Bicarbonate
- Hing
- Black Pepper
- Water
- Oil

Average raw material cost per kg is: Rs.85-103

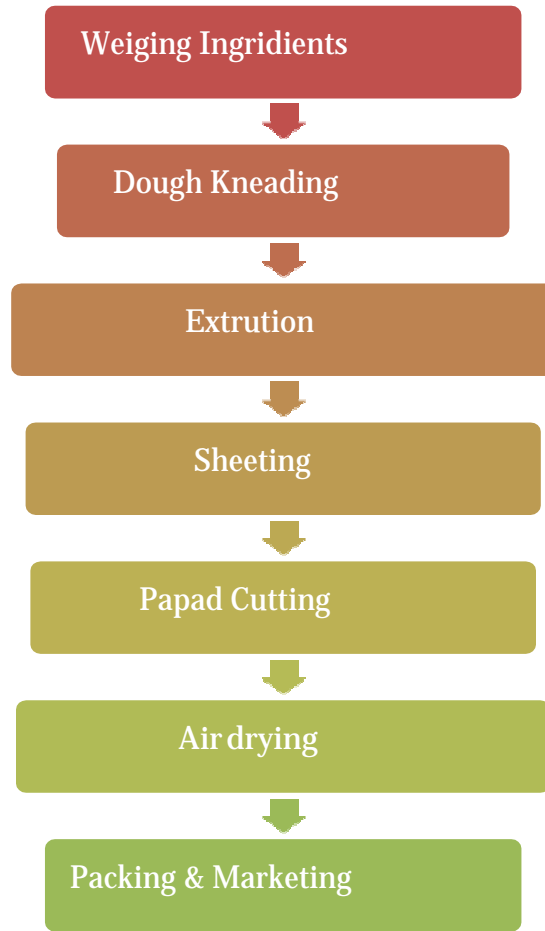
3. PROCESS FLOW CHART

All the ingredients are first taken according to their required quantities and thoroughly mixed in dough kneading machine. Required quantity of water is added and the whole content is kneaded at minimum speed to get homogenous lump of dough. After 30 minutes rest, which is provided for dough to set. The Dough is feed to an extruder via hopper and feeder arrangement.

The extruder extrudes the dough sheet of considerable thickness which is pressed to required thickness by a sheeter machine. After required thickness (2 to 2.5 mm) is achieved sheet is feed to cutter machine. The papad cutting machine cuts the sheet into round shaped and tailing materials are then again fed to the extruder. After round cut of the papad, the papad is sent for sun drying or drying chamber in which hot air at 35 to 40-degree Celsius removes moisture content from papad.

The papad are then packed into the printed plastic packs. The plastic pack may contain about 100 papad or as per market requirement.

Process flow diagram:



4. ECONOMICS OF THE PROJECT

4.1. BASIS & PRESUMPTIONS

1. Production Capacity of Papad is 100 kg per hr. First year, Capacity has been taken @ 30%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock is for 7 days and Finished goods Closing Stock has been taken for 7 days.
4. Credit period to Sundry Debtors has been given for 10 days.
5. Credit period by the Sundry Creditors has been provided for 7 days.
6. Depreciation and Income tax has been taken as per the Income tax Act, 1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 22 KW.
10. Increase in sales and raw material costing has been taken @ 5% on a yearly basis.

4.2. CAPACITY, UTILIZATION, PRODUCTION & OUTPUT

<u>COMPUTATION OF PRODUCTION OF PAPAD</u>		
Items to be Manufactured		
Papad		
Machine capacity Per hour	100	Kg
Total working Hours	8	
Machine capacity Per Day	800	Kg
Working days in a month	25	Days
Working days per annum	300	
Wastage Considered	10%	
Raw material requirement	240000	Kg
Final Output per annum after wastage	216000	Kg
Final Product to be packed in 1 kg Packet		
Number of Packets per annum	216000	1 Kg Packet

Production of Papad		
Production	Capacity	KG
1st year	30%	64,800
2nd year	35%	75,600
3rd year	40%	86,400
4th year	45%	97,200
5th year	50%	1,08,000




Raw Material Cost			
Year	Capacity Utilisation	Rate (per Kg)	Amount (Rs. in lacs)
1st year	30%	85.00	61.20
2nd year	35%	89.00	74.76
3rd year	40%	93.00	89.28
4th year	45%	98.00	105.84
5th year	50%	103.00	123.60





COMPUTATION OF SALE					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	1,512	1,764	2,016	2,268
Production	64,800	75,600	86,400	97,200	1,08,000
Less : Closing Stock	1,512	1,764	2,016	2,268	2,520
Net Sale	63,288	75,348	86,148	96,948	1,07,748
Sale price per packet	155.00	163.00	171.00	180.00	189.00
Sales (in Lacs)	98.10	122.82	147.31	174.51	203.64

4.3. PREMISES/INFRASTRUCTURE

The approximate total area required for complete factory setup is 2500-3000 Sq. ft. for smooth production including storage area. It is expected that the premises will be on rental.

4.4. MACHINERY & EQUIPMENTS

Machine Name	Description	Machine Image
Flour Kneading Machine	The dough kneader makes mixing of the dough easier for preparing chapati, roties, puris, namkeens, samosa, partha, pizza etc.	
Dough Sheeter Machine	It is used to form the given flour dough into a uniform thickness dough sheet	
Papad Cutter Machine	It is a cutter class machine which is used to cut circular disc from dough sheet i.e. Papad.	
Papad Drier Machine	It is used to dry the Papad.	

		
<p>Hot Air Generator</p>	<p>It is used to generate hot air to feed drier.</p>	
<p>Counting, Stacking and Packaging machine</p>	<p>This machine is used to count and pack the final product</p>	
<p>Material handling and other Equipment's</p>	<p>These Equipment's are used for material handling. Other equipment's like water pumps, control panel box, weighing machine, etc. are also used.</p>	

Machine	Unit	Rate	Price
Flour Kneading Machine	1	70000	70000
Dough Sheeter Machine	1	250000	250000
Papad Cutter Machine	1	205000	205000
Papad Drier Machine	1	400000	400000
Hot Air Generator	1	150000	150000
Counting, Stacking and Packaging machine	1	250000	250000
Material handling and other equipment's (Bins, trolley, control panel, weighing machine, etc.)	-	300000	300000

Note: Total Machinery cost shall be Rs 13.55 lakh including equipment's but excluding GST and Transportation Cost.

4.5. MISCELLANEOUS FIXED ASSETS

- Water Supply Arrangements
- Furniture & Fixtures
- Computers & Printers

4.6. TOTAL COST OF PROJECT

COST OF PROJECT	
	(in Lacs)
PARTICULARS	Amount
Land & Building	Owned/Rented
Plant & Machinery	13.55
Miscellaneous Assets	2.50
Working capital	5.25
Total	21.30

4.7. MEANS OF FINANCE

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution (min 10%)	2.12
Subsidy @35%(Max. Rs 10 Lac)	5.62
Term Loan @ 55%	8.83
Working Capital (Bank Finance)	4.72
Total	21.30

4.8. TERM LOAN: Term loan of Rs.8.83 Lakh is required for project cost of Rs. 21.30 Lakh.

4.9. TERM LOAN REPAYMENT& INTEREST SCHEDULE

REPAYMENT SCHEDULE OF TERM LOAN								
							Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance	
1st	Opening Balance							
	1st month	-	8.83	8.83	-	-	8.83	
	2nd month	8.83	-	8.83	0.08	-	8.83	
	3rd month	8.83	-	8.83	0.08	-	8.83	
	4th month	8.83	-	8.83	0.08		8.83	
	5th month	8.83	-	8.83	0.08		8.83	
	6th month	8.83	-	8.83	0.08		8.83	
	7th month	8.83	-	8.83	0.08	0.16	8.66	
	8th month	8.66	-	8.66	0.08	0.16	8.50	
	9th month	8.50	-	8.50	0.08	0.16	8.34	
	10th month	8.34	-	8.34	0.08	0.16	8.17	
	11th month	8.17	-	8.17	0.07	0.16	8.01	
	12th month	8.01	-	8.01	0.07	0.16	7.85	
					0.87	0.98		
2nd	Opening Balance							
	1st month	7.85	-	7.85	0.07	0.16	7.68	
	2nd month	7.68	-	7.68	0.07	0.16	7.52	
	3rd month	7.52	-	7.52	0.07	0.16	7.36	
	4th month	7.36	-	7.36	0.07	0.16	7.19	

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	5th month	7.19	-	7.19	0.07	0.16	7.03
	6th month	7.03	-	7.03	0.06	0.16	6.87
	7th month	6.87	-	6.87	0.06	0.16	6.70
	8th month	6.70	-	6.70	0.06	0.16	6.54
	9th month	6.54	-	6.54	0.06	0.16	6.38
	10th month	6.38	-	6.38	0.06	0.16	6.21
	11th month	6.21	-	6.21	0.06	0.16	6.05
	12th month	6.05	-	6.05	0.06	0.16	5.89
					0.76	1.96	
3rd	Opening Balance						
	1st month	5.89	-	5.89	0.05	0.16	5.72
	2nd month	5.72	-	5.72	0.05	0.16	5.56
	3rd month	5.56	-	5.56	0.05	0.16	5.39
	4th month	5.39	-	5.39	0.05	0.16	5.23
	5th month	5.23	-	5.23	0.05	0.16	5.07
	6th month	5.07	-	5.07	0.05	0.16	4.90
	7th month	4.90	-	4.90	0.04	0.16	4.74
	8th month	4.74	-	4.74	0.04	0.16	4.58
	9th month	4.58	-	4.58	0.04	0.16	4.41
	10th month	4.41	-	4.41	0.04	0.16	4.25
	11th month	4.25	-	4.25	0.04	0.16	4.09
	12th month	4.09	-	4.09	0.04	0.16	3.92
					0.55	1.96	
4th	Opening Balance						
	1st month	3.92	-		0.04	0.16	3.76

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				3.92			
2nd month	3.76	-	3.76	0.03	0.16	3.60	
3rd month	3.60	-	3.60	0.03	0.16	3.43	
4th month	3.43	-	3.43	0.03	0.16	3.27	
5th month	3.27	-	3.27	0.03	0.16	3.11	
6th month	3.11	-	3.11	0.03	0.16	2.94	
7th month	2.94	-	2.94	0.03	0.16	2.78	
8th month	2.78	-	2.78	0.03	0.16	2.62	
9th month	2.62	-	2.62	0.02	0.16	2.45	
10th month	2.45	-	2.45	0.02	0.16	2.29	
11th month	2.29	-	2.29	0.02	0.16	2.13	
12th month	2.13	-	2.13	0.02	0.16	1.96	
				0.33	1.96		
5th	Opening Balance						
1st month	1.96	-	1.96	0.02	0.16	1.80	
2nd month	1.80	-	1.80	0.02	0.16	1.63	
3rd month	1.63	-	1.63	0.01	0.16	1.47	
4th month	1.47	-	1.47	0.01	0.16	1.31	
5th month	1.31	-	1.31	0.01	0.16	1.14	
6th month	1.14	-	1.14	0.01	0.16	0.98	
7th month	0.98	-	0.98	0.01	0.16	0.82	
8th month	0.82	-	0.82	0.01	0.16	0.65	
9th month	0.65	-	0.65	0.01	0.16	0.49	
10th month	0.49	-	0.49	0.00	0.16	0.33	
11th month	0.33	-		0.00	0.16	0.16	

			0.33			
12th month	0.16	-	0.16	0.00	0.16	-
				0.12	1.96	
DOOR TO DOOR MORATORIUM PERIOD	60	MONTHS				
REPAYMENT PERIOD	6	MONTHS				
	54	MONTHS				

4.10. WORKING CAPITAL CALCULATIONS

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	1.98	2.40	2.85	3.35	3.89
<u>Raw Material</u>					
	1.43	1.74	2.08	2.47	2.88
Closing Stock	3.40	4.15	4.94	5.82	6.77

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD					(in Lacs)
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	3.40				
Less : Creditors	1.43				
Paid stock	1.98	10%	0.20	90%	1.78
Sundry Debtors	3.27	10%	0.33	90%	2.94
	5.25		0.52		4.72
MPBF					4.72
WORKING CAPITAL LIMIT DEMAND (from Bank)					4.72
Working Capital Margin					0.52

4.11. SALARY & WAGES

<u>BREAK UP OF LABOUR CHARGES</u>			
Particulars	Wages	No of	Total
	Rs. per Month	Employees	Salary
Plant Operator	14,000	2	28,000
Skilled (in thousand rupees)	12,000	2	24,000
Unskilled (in thousand rupees)	8,000	3	24,000
Total salary per month			76,000
Total annual labour charges	(in lacs)		9.12

<u>BREAK UP OF STAFF SALARY CHARGES</u>			
Particulars	Salary	No of	Total
	Rs. per Month	Employees	Salary
Administrative Staff	6,500	3	19,500
Manager	18,000	1	18,000
Accountant	15,000	1	15,000
Total salary per month			52,500
Total annual Staff charges	(in lacs)		6.30

4.12 POWER REQUIREMENT

Utility Charges (per month)		
Particulars	value	Description
Power connection required	22	KWH
consumption per day	176	units
Consumption per month	4,400	units
Rate per Unit	10	Rs.
power Bill per month	44,000	Rs.

4.13. DEPRECIATION CALCULATION

COMPUTATION OF DEPRECIATION			(in Lacs)
Description	Plant & Machinery	Miss. Assets	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	13.55	2.50	16.05
Total	13.55	2.50	16.05
Less : Depreciation	2.03	0.25	2.28
WDV at end of Year	11.52	2.25	13.77
Additions During The Year	-	-	-
Total	11.52	2.25	13.77
Less : Depreciation	1.73	0.23	1.95
WDV at end of Year	9.79	2.03	11.81
Additions During The Year	-	-	-
Total	9.79	2.03	11.81
Less : Depreciation	1.47	0.20	1.67
WDV at end of Year	8.32	1.82	10.14
Additions During The Year	-	-	-
Total	8.32	1.82	10.14
Less : Depreciation	1.25	0.18	1.43
WDV at end of Year	7.07	1.64	8.71
Additions During The Year	-	-	-
Total	7.07	1.64	8.71
Less : Depreciation	1.06	0.16	1.23
WDV at end of Year	6.01	1.48	7.49

4.14. REPAIR & MAINTENANCE: Repair & Maintenance is 3.0% of Gross Sale.

4.15. PROJECTIONS OF PROFITABILITY ANALYSIS

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	30%	35%	40%	45%	50%
<u>SALES</u>					
Gross Sale					
Papad	98.10	122.82	147.31	174.51	203.64
Total	98.10	122.82	147.31	174.51	203.64
<u>COST OF SALES</u>					
Raw Material Consumed	61.20	74.76	89.28	105.84	123.60
Electricity Expenses	5.28	6.07	6.98	8.03	8.83
Depreciation	2.28	1.95	1.67	1.43	1.23
Wages & labour	9.12	11.67	14.24	16.38	19.00
Repair & maintenance	2.94	3.68	4.42	5.24	6.11
Packaging	3.92	4.91	5.89	6.98	8.15
Cost of Production	84.75	103.06	122.49	143.89	166.91
Add: Opening Stock /WIP	-	1.98	2.40	2.86	3.36
Less: Closing Stock /WIP	1.98	2.40	2.86	3.36	3.89
Cost of Sales	82.77	102.63	122.03	143.39	166.37
GROSS PROFIT	15.32	20.19	25.28	31.11	37.27
	15.62%	16.44%	17.16%	17.83%	18.30%
Salary to Staff	6.30	8.19	10.65	13.31	15.84
Interest on Term Loan	0.87	0.76	0.55	0.33	0.12
Interest on working Capital	0.52	0.52	0.52	0.52	0.52
Rent	3.60	4.32	4.75	5.23	6.17
selling & adm exp	2.06	3.07	3.68	4.36	5.09
TOTAL	13.35	16.86	20.15	23.75	27.73
NET PROFIT	1.98	3.32	5.13	7.36	9.54
	2.02%	2.71%	3.48%	4.22%	4.68%
Taxation	-	-	0.16	0.62	1.07
PROFIT (After Tax)	1.98	3.32	4.97	6.74	8.46

4.16. BREAK EVEN POINT ANALYSIS

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	98.10	122.82	147.31	174.51	203.64
Less : Op. WIP Goods	-	1.98	2.40	2.86	3.36
Add : Cl. WIP Goods	1.98	2.40	2.86	3.36	3.89
Total Sales	100.07	123.24	147.77	175.01	204.18
Variable & Semi Variable Exp.					
Raw Material Consumed	61.20	74.76	89.28	105.84	123.60
Electricity Exp/Coal Consumption at 85%	4.49	5.16	5.94	6.83	7.51
Wages & Salary at 60%	9.25	11.92	14.93	17.81	20.90
Selling & administrative Expenses 80%	1.65	2.46	2.95	3.49	4.07
Interest on working Capital	0.519489	0.519489	0.519489	0.519489	0.519489
Repair & maintenance	2.94	3.68	4.42	5.24	6.11
Packaging	3.92	4.91	5.89	6.98	8.15
Total Variable & Semi Variable Exp	83.97	103.41	123.93	146.70	170.86
Contribution	16.10	19.83	23.84	28.30	33.32
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.79	0.91	1.05	1.20	1.32
Wages & Salary at 40%	6.17	7.95	9.96	11.87	13.93
Interest on Term Loan	0.87	0.76	0.55	0.33	0.12
Depreciation	2.28	1.95	1.67	1.43	1.23
Selling & administrative Expenses 20%	0.41	0.61	0.74	0.87	1.02
Rent	3.60	4.32	4.75	5.23	6.17
Total Fixed Expenses	14.12	16.51	18.71	20.94	23.79
Capacity Utilization	30%	35%	40%	45%	50%
OPERATING PROFIT	1.98	3.32	5.13	7.36	9.54
BREAK EVEN POINT	26%	29%	31%	33%	36%
BREAK EVEN SALES	87.78	102.58	115.97	129.49	145.75

4.17. PROJECTED BALANCE SHEET

PROJECTED BALANCE SHEET					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		7.21	7.34	8.81	11.05
Add:- Own Capital	2.12				
Add:- Retained Profit	1.98	3.32	4.97	6.74	8.46
Less:- Drawings	2.50	3.20	3.50	4.50	6.50
Subsidy/grant	5.62				
Closing Balance	7.21	7.34	8.81	11.05	13.01
Term Loan	7.85	5.89	3.92	1.96	-
Working Capital Limit	4.72	4.72	4.72	4.72	4.72
Sundry Creditors	1.43	1.74	2.08	2.47	2.88
Provisions & Other Liab	0.40	0.50	0.60	0.72	0.86
TOTAL :	21.61	20.19	20.14	20.93	21.48
<u>Assets</u>					
Fixed Assets (Gross)	16.05	16.05	16.05	16.05	16.05
Gross Dep.	2.28	4.24	5.91	7.34	8.56
Net Fixed Assets	13.77	11.81	10.14	8.71	7.49
Current Assets					
Sundry Debtors	3.27	4.09	4.91	5.82	6.79
Stock in Hand	3.41	4.15	4.94	5.83	6.78
Cash and Bank	1.17	0.13	0.15	0.57	0.43
TOTAL :	21.61	20.19	20.14	20.93	21.48

4.18. CASH FLOW STATEMENT

PROJECTED CASH FLOW STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.12				
Net Profit	1.98	3.32	5.13	7.36	9.54
Depriciation & Exp. W/off	2.28	1.95	1.67	1.43	1.23
Increase in Cash Credit	4.72	-	-	-	-
Increase In Term Loan	8.83	-	-	-	-
Increase in Creditors	1.43	0.32	0.34	0.39	0.41
Increase in Provisions & Oth lib	0.40	0.10	0.10	0.12	0.14
Sunsidy/grant	5.62				
TOTAL :	27.38	5.69	7.24	9.30	11.32
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	16.05				
Increase in Stock	3.41	0.74	0.79	0.89	0.95
Increase in Debtors	3.27	0.82	0.82	0.91	0.97
Repayment of Term Loan	0.98	1.96	1.96	1.96	1.96
Drawings	2.50	3.20	3.50	4.50	6.50
Taxation	-	-	0.16	0.62	1.07
TOTAL :	26.21	6.73	7.23	8.88	11.46
Opening Cash & Bank Balance	-	1.17	0.13	0.15	0.57
Add : Surplus	1.17	-1.04	0.01	0.42	-0.14
Closing Cash & Bank Balance	1.17	0.13	0.15	0.57	0.43

4.19. DEBT SERVICE COVERAGE RATIO

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	4.26	5.28	6.64	8.17	9.69
Interest on Term Loan	0.87	0.76	0.55	0.33	0.12
Total	5.13	6.04	7.19	8.50	9.80
<u>REPAYMENT</u>					
Instalment of Term Loan	0.98	1.96	1.96	1.96	1.96
Interest on Term Loan	0.87	0.76	0.55	0.33	0.12
Total	1.85	2.73	2.51	2.29	2.08
DEBT SERVICE COVERAGE RATIO	2.77	2.22	2.87	3.71	4.72
AVERAGE D.S.C.R.	3.20				