



## **DETAILED PROJECT REPORT**

### **BLACK PEPPER UNIT**

### **UNDER PMFME SCHEME**



National Institute of Food Technology Entrepreneurship and Management

Ministry of Food Processing Industries

Plot No.97, Sector-56, HSIIDC, Industrial Estate, Kundli, Sonipat, Haryana-131028

Website: <http://www.niftem.ac.in>

Email: [pmfmeccell@niftem.ac.in](mailto:pmfmeccell@niftem.ac.in)

Call: 0130-2281089

## TABLE OF CONTENTS

S No.	Topic	Page Number
1.	Project Summary	3
2.	About the Product	4-5
3.	Process Flow Chart	5-6
4.	Economics of the Project	7-25
	4.1. Basis & Presumptions	7
	4.2. Capacity, Utilisation, Production & Output	8-9
	4.3. Premises/Infrastructure	10
	4.4. Machinery & Equipment's	10-11
	4.5. Misc. Fixed Assets	12
	4.6. Total Cost of Project	12
	4.7. Means of Finance	13
	4.8. Term Loan	13
	4.9. Term Loan repayment & interest schedule	14-17
	4.10. Working Capital Calculations	17-18
	4.11. Salaries/Wages	18-19
	4.12. Power Requirement	19
	4.13. Depreciation Calculation	20
	4.14. Repairs & Maintenance	20
	4.15. Projections of Profitability Analysis	21
	4.16. Break Even Point Analysis	22
	4.17. Projected Balance Sheet	23
	4.18. Cash- Flow Statement	24
	4.19. Debt-Service Coverage Ratio	25

**1. PROJECT SUMMARY**

1. Name of the proposed project	:	Black Pepper Unit
2. Nature of proposed project	:	Proprietorship/Company/Partnership
3. Proposed project capacity	:	54000 Kg/annum (40,45,50,55&60% capacity utilization in 1 <sup>st</sup> to 5 <sup>th</sup> Year respectively)
4. Raw material	:	Whole Black Pepper
5. Major product outputs	:	Black Pepper
6. Total project cost	:	Rs. 13.98 Lakh
• Land development, building & Civil Construction	:	Nil
• Machinery and equipment's	:	Rs. 7.20 Lakh
• Miscellaneous Fixed Assets	:	Rs. 3.00 Lakh
• Working capital	:	Rs. 3.78 Lakh
7. Means of Finance		
• Subsidy (max 10lakhs)	:	Rs. 3.57 Lakh
• Promoter's contribution (min10%)	:	Rs. 1.39 Lakh
• Term loan	:	Rs. 5.61 Lakh
• Working Capital Requirement	:	Rs. 3.40 Lakh
8. Profit after Depreciation, Interest & Tax		
• 1 <sup>st</sup> year	:	Rs. 1.20 Lakh
• 2 <sup>nd</sup> year	:	Rs. 3.39 Lakh
• 3 <sup>rd</sup> year	:	Rs. 5.34 Lakh
• 4 <sup>th</sup> year	:	Rs. 7.23 Lakh
• 5 <sup>th</sup> year	:	Rs. 9.50 Lakh
9. Average DSCR	:	Rs. 4.61
10. Term loan repayment	:	5 Years with 6 months grace period

## **2. ABOUT THE PRODUCT**

### **2.1. PRODUCT INTRODUCTION:**

A spice is a seed, fruit, root, bark, or other plant substance primarily used for flavoring, coloring or preserving food. Spices are distinguished from herbs, which are the leaves, flowers, or stems of plants used for flavoring or as a garnish.

Spices are very important and essential for adding and enhancing flavor, taste and scent in preparation of food. They are also useful in preparation of certain medicine. India is the largest producer, consumer and exporter of spices Andhra Pradesh, Gujarat, Orissa, Rajasthan are major states producing varieties of spices. Black pepper is one of the most commonly used spices worldwide. It's made by grinding peppercorns, which are dried berries from the vine *Piper nigrum*. It has a sharp and mildly spicy flavor that goes well with many dishes. People apply black pepper to the skin for measles, nerve pain, itchy skin caused by mites (scabies), and to treat pain. People inhale black pepper oil to prevent falls, to help quit smoking, and for trouble swallowing. In foods, black pepper and black pepper oil are used as a spice.

### **2.2. MARKET POTENTIAL:**

India, known as the home of spices, boasts a long history of trading with the ancient civilizations of Rome and China. Today, Indian spices are the most sought-after globally, given their exquisite aroma, texture, taste and medicinal value. India has the largest domestic market for spices in the world. Traditionally, spices in India have been grown in small land holdings, with organic farming gaining prominence in recent times. India is the world's largest producer, consumer and exporter of spices; the country produces about 75 of the 109 varieties listed by the International Organization for Standardization (ISO) and accounts for half of the global trading in spices.

The Spices Board of India works towards the development and worldwide promotion of Indian spices. It provides quality control and certification, registers exporters, documents trade information and provides inputs to the central government on policy matters. The board participates in major international fairs and food exhibitions to promote Indian spices, apart from organizing various domestic events.

Total spices export from India stood at 1.13 billion kg, valued at US \$ 3.32 billion in the year 2018-19. In FY20 (till December 2019), 857,400 tonnes of spices worth US\$ 2.25 billion have been exported.

### **2.3. RAW MATERIAL DESCRIPTION:**

The only raw material for this industry is Whole Black Pepper.

## **3. PROCESS FLOW CHART**

- Raw spices are first cleaned and dried.
- This dried material then is grinded in pulveriser.
- Powdered spices are then packed immediately in food grade packaging and then these packets are packed in cardboard boxes for further transportation.



## **4. ECONOMICS OF THE PROJECT**

### **4.1. BASIS & PRESUMPTIONS**

1. Production Capacity of Black Pepper is 25 kg per hr. First year, Capacity has been taken @ 40%.
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 15 days.
5. Credit period by the Sundry Creditors has been provided for 10 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 10 KW.
10. Increase in sales and raw material costing has been taken @ 5% on a yearly basis.

## 4.2. CAPACITY, UTILIZATION, PRODUCTION & OUTPUT

<b><u>COMPUTATION OF PRODUCTION OF BLACK PEPPER</u></b>		
<b>Items to be Manufactured</b>		
Black Pepper		
Machine capacity Per hour	25	Kg
Total working Hours	8	
Machine capacity Per Day	200	Kg
Working days in a month	25	Days
Working days per annum	300	
Wastage Considered	10%	
Raw material requirement	60000	Kg
Final Output per annum after wastage	54000	Kg
Final Product to be packed in 1 kg Packet		
Number of Packets per annum	54000	1 Kg Packet

<b>Production of Black Pepper</b>		
<b>Production</b>	<b>Capacity</b>	<b>KG</b>
1st year	40%	21,600
2nd year	45%	24,300
3rd year	50%	27,000
4th year	55%	29,700
5th year	60%	32,400





<b>Raw Material Cost</b>			
<b>Year</b>	<b>Capacity</b>	<b>Rate</b>	<b>Amount</b>
	<b>Utilisation</b>	<b>(per Kg)</b>	<b>(Rs. in lacs)</b>
1st year	40%	130.00	31.20
2nd year	45%	137.00	36.99
3rd year	50%	144.00	43.20
4th year	55%	151.00	49.83
5th year	60%	159.00	57.24


<b><u>COMPUTATION OF SALE</u></b>					
<b>Particulars</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Op Stock	-	504	567	630	693
Production	21,600	24,300	27,000	29,700	32,400
Less : Closing Stock	504	567	630	693	756
<b>Net Sale</b>	<b>21,096</b>	<b>24,237</b>	<b>26,937</b>	<b>29,637</b>	<b>32,337</b>
Sale price per packet	280.00	294.00	309.00	324.00	340.00
<b>Sales (in Lacs)</b>	<b>59.07</b>	<b>71.26</b>	<b>83.24</b>	<b>96.02</b>	<b>109.95</b>

### 4.3. PREMISES/INFRASTRUCTURE

The approximate total area required for complete factory setup is 2000-2500 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.
Impact pulveriser without sieve	It is made of stainless steel. The Quality of the spices through this machinery is very high.	
Packaging Machine	This machine is used to pack final product in required sizes.	

<p>Material handling and other Equipments</p>	<p>These Equipments are used for material handling. Other equipments like water pumps, weighing machine, etc are also used.</p>	
---	---	---

Machine	Unit	Rate	Price
Impact pulveriser without sieve	1	300000	300000
Packaging Machine	1	180000	180000
Material handling and other equipment's (Bins, trolley, weighing machine, kitchen tools etc.)	-	240000	240000

**Note:** Total Machinery cost shall be Rs 7.20 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

<b>COST OF PROJECT</b>	
	(in Lacs)
<b>PARTICULARS</b>	<b>Amount</b>
Land & Building	Owned/Rented
Plant & Machinery	7.20
Miscellaneous Assets	3.00
Working capital	3.78
<b>Total</b>	<b>13.98</b>

**4.7. MEANS OF FINANCE**

<b>MEANS OF FINANCE</b>	
<b>PARTICULARS</b>	<b>AMOUNT</b>
Own Contribution (min 10%)	1.39
Subsidy @35%(Max. Rs 10 Lac)	3.57
Term Loan @ 55%	5.61
Working Capital (Bank Finance)	3.40
<b>Total</b>	<b>13.98</b>

**4.8. TERM LOAN:** Term loan of Rs. 5.61 Lakh is required for project cost of Rs. 13.98 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
<b>1st</b>	Opening Balance						
	1st month	-	5.61	5.61	-	-	5.61
	2nd month	5.61	-	5.61	0.05	-	5.61
	3rd month	5.61	-	5.61	0.05	-	5.61
	4th month	5.61	-	5.61	0.05		5.61
	5th month	5.61	-	5.61	0.05		5.61
	6th month	5.61	-	5.61	0.05		5.61
	7th month	5.61	-	5.61	0.05	0.10	5.51
	8th month	5.51	-	5.51	0.05	0.10	5.40
	9th month	5.40	-	5.40	0.05	0.10	5.30
	10th month	5.30	-	5.30	0.05	0.10	5.19
	11th month	5.19	-	5.19	0.05	0.10	5.09
	12th month	5.09	-	5.09	0.05	0.10	4.99
					<b>0.55</b>	<b>0.62</b>	
<b>2nd</b>	Opening Balance						
	1st month	4.99	-	4.99	0.05	0.10	4.88

PM FME- Detailed Project Report of Black Pepper Unit

2nd month	4.88	-	4.88	0.04	0.10	4.78
3rd month	4.78	-	4.78	0.04	0.10	4.68
4th month	4.68	-	4.68	0.04	0.10	4.57
5th month	4.57	-	4.57	0.04	0.10	4.47
6th month	4.47	-	4.47	0.04	0.10	4.36
7th month	4.36	-	4.36	0.04	0.10	4.26
8th month	4.26	-	4.26	0.04	0.10	4.16
9th month	4.16	-	4.16	0.04	0.10	4.05
10th month	4.05	-	4.05	0.04	0.10	3.95
11th month	3.95	-	3.95	0.04	0.10	3.84
12th month	3.84	-	3.84	0.04	0.10	3.74
				<b>0.49</b>	<b>1.25</b>	
<b>3rd</b>	Opening Balance					
1st month	3.74	-	3.74	0.03	0.10	3.64
2nd month	3.64	-	3.64	0.03	0.10	3.53
3rd month	3.53	-	3.53	0.03	0.10	3.43
4th month	3.43	-	3.43	0.03	0.10	3.32
5th month	3.32	-	3.32	0.03	0.10	3.22
6th month	3.22	-	3.22	0.03	0.10	3.12
7th month	3.12	-	3.12	0.03	0.10	3.01
8th month	3.01	-	3.01	0.03	0.10	2.91
9th month	2.91	-	2.91	0.03	0.10	2.81
10th month	2.81	-	2.81	0.03	0.10	2.70
11th month	2.70	-	2.70	0.02	0.10	2.60

PM FME- Detailed Project Report of Black Pepper Unit

	12th month	2.60	-	2.60	0.02	0.10	2.49
					<b>0.35</b>	<b>1.25</b>	
<b>4th</b>	Opening Balance						
	1st month	2.49	-	2.49	0.02	0.10	2.39
	2nd month	2.39	-	2.39	0.02	0.10	2.29
	3rd month	2.29	-	2.29	0.02	0.10	2.18
	4th month	2.18	-	2.18	0.02	0.10	2.08
	5th month	2.08	-	2.08	0.02	0.10	1.97
	6th month	1.97	-	1.97	0.02	0.10	1.87
	7th month	1.87	-	1.87	0.02	0.10	1.77
	8th month	1.77	-	1.77	0.02	0.10	1.66
	9th month	1.66	-	1.66	0.02	0.10	1.56
	10th month	1.56	-	1.56	0.01	0.10	1.45
	11th month	1.45	-	1.45	0.01	0.10	1.35
	12th month	1.35	-	1.35	0.01	0.10	1.25
					<b>0.21</b>	<b>1.25</b>	
<b>5th</b>	Opening Balance						
	1st month	1.25	-	1.25	0.01	0.10	1.14
	2nd month	1.14	-	1.14	0.01	0.10	1.04
	3rd month	1.04	-	1.04	0.01	0.10	0.94
	4th month	0.94	-	0.94	0.01	0.10	0.83
	5th month	0.83	-	0.83	0.01	0.10	0.73
	6th month	0.73	-	0.73	0.01	0.10	0.62
	7th month	0.62	-	0.62	0.01	0.10	0.52
	8th month	0.52	-		0.00	0.10	0.42



			0.52			
9th month	0.42	-	0.42	0.00	0.10	0.31
10th month	0.31	-	0.31	0.00	0.10	0.21
11th month	0.21	-	0.21	0.00	0.10	0.10
12th month	0.10	-	0.10	0.00	0.10	-
				<b>0.07</b>	<b>1.25</b>	
DOOR TO DOOR MORATORIUM PERIOD	60	MONTHS				
REPAYMENT PERIOD	6	MONTHS				
	54	MONTHS				

#### 4.10. WORKING CAPITAL CALCULATIONS

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Finished Goods</u></b>					
	1.14	1.32	1.52	1.72	1.95
<b><u>Raw Material</u></b>					
	0.73	0.86	1.01	1.16	1.34
<b>Closing Stock</b>	<b>1.87</b>	<b>2.19</b>	<b>2.52</b>	<b>2.89</b>	<b>3.28</b>

<b><u>COMPUTATION OF WORKING CAPITAL REQUIREMENT</u></b>					
<b>TRADITIONAL METHOD</b>					(in Lacs)
<b>Particulars</b>	<b>Amount</b>	<b>Own Margin</b>		<b>Bank Finance</b>	
Finished Goods & Raw Material	1.87				
Less : Creditors	1.04				
<b>Paid stock</b>	<b>0.83</b>	<b>10%</b>	<b>0.08</b>	<b>90%</b>	<b>0.75</b>
<b>Sundry Debtors</b>	<b>2.95</b>	<b>10%</b>	<b>0.30</b>	<b>90%</b>	<b>2.66</b>
	<b>3.78</b>		<b>0.38</b>		<b>3.40</b>
<b>MPBF</b>					<b>3.40</b>
<b>WORKING CAPITAL LIMIT DEMAND ( from Bank)</b>					<b>3.40</b>
<b>Working Capital Margin</b>					<b>0.38</b>

#### 4.11. SALARY & WAGES

<b><u>BREAK UP OF LABOUR CHARGES</u></b>			
<b>Particulars</b>	<b>Wages</b>	<b>No of</b>	<b>Total</b>
	<b>Rs. per Month</b>	<b>Employees</b>	<b>Salary</b>
Plant Operator	14,000	2	28,000
Supervisor	16,000	1	16,000
Skilled (in thousand rupees)	12,000	2	24,000
Unskilled (in thousand rupees)	8,500	3	25,500
<b>Total salary per month</b>			<b>93,500</b>
<b>Total annual labour charges</b>	<b>(in lacs)</b>		<b>11.22</b>

<b><u>BREAK UP OF STAFF SALARY CHARGES</u></b>			
<b>Particulars</b>	<b>Salary</b>	<b>No of</b>	<b>Total</b>
	<b>Rs. per Month</b>	<b>Employees</b>	<b>Salary</b>
Administrative Staff	6,500	1	6,500
Manager	18,000	1	18,000
Accountant	15,000	1	15,000
<b>Total salary per month</b>			<b>39,500</b>
<b>Total annual Staff charges</b>	<b>(in lacs)</b>		<b>4.74</b>

#### 4.12 POWER REQUIREMENT

<b>Utility Charges (per month)</b>		
<b>Particulars</b>	<b>value</b>	<b>Description</b>
Power connection required	10	KWH
consumption per day	80	units
Consumption per month	2,000	units
Rate per Unit	10	Rs.
power Bill per month	20,000	Rs.

**4.13. DEPRECIATION CALCULATION**

<b>COMPUTATION OF DEPRECIATION</b>			(in Lacs)
<b>Description</b>	<b>Plant &amp; Machinery</b>	<b>Miss. Assets</b>	<b>TOTAL</b>
Rate of Depreciation	<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	-	-	-
Addition	7.20	3.00	10.20
Total	7.20	3.00	10.20
Less : Depreciation	1.08	0.30	1.38
<b>WDV at end of Year</b>	<b>6.12</b>	<b>2.70</b>	<b>8.82</b>
Additions During The Year	-	-	-
Total	6.12	2.70	8.82
Less : Depreciation	0.92	0.27	1.19
<b>WDV at end of Year</b>	<b>5.20</b>	<b>2.43</b>	<b>7.63</b>
Additions During The Year	-	-	-
Total	5.20	2.43	7.63
Less : Depreciation	0.78	0.24	1.02
<b>WDV at end of Year</b>	<b>4.42</b>	<b>2.19</b>	<b>6.61</b>
Additions During The Year	-	-	-
Total	4.42	2.19	6.61
Less : Depreciation	0.66	0.22	0.88
<b>WDV at end of Year</b>	<b>3.76</b>	<b>1.97</b>	<b>5.73</b>
Additions During The Year	-	-	-
Total	3.76	1.97	5.73
Less : Depreciation	0.56	0.20	0.76
<b>WDV at end of Year</b>	<b>3.19</b>	<b>1.77</b>	<b>4.97</b>

**4.14. REPAIR & MAINTENANCE:** Repair & Maintenance is 2.5 % of Gross Sale.

#### 4.15. PROJECTIONS OF PROFITABILITY ANALYSIS

<b>PROJECTED PROFITABILITY STATEMENT</b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Capacity Utilisation %	<b>40%</b>	<b>45%</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
Black Pepper	59.07	71.26	83.24	96.02	109.95
<b>Total</b>	<b>59.07</b>	<b>71.26</b>	<b>83.24</b>	<b>96.02</b>	<b>109.95</b>
<b>COST OF SALES</b>					
Raw Material Consumed	31.20	36.99	43.20	49.83	57.24
Electricity Expenses	2.40	2.76	3.17	3.65	4.02
Depreciation	1.38	1.19	1.02	0.88	0.76
Wages & labour	11.22	12.57	13.82	15.21	16.42
Repair & maintenance	1.48	1.78	2.08	2.40	2.75
Packaging	1.18	1.43	1.66	1.92	2.20
<b>Cost of Production</b>	<b>48.86</b>	<b>56.71</b>	<b>64.97</b>	<b>73.89</b>	<b>83.39</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.14</b>	<b>1.32</b>	<b>1.52</b>	<b>1.72</b>
<b>Less: Closing Stock /WIP</b>	<b>1.14</b>	<b>1.32</b>	<b>1.52</b>	<b>1.72</b>	<b>1.95</b>
Cost of Sales	47.72	56.53	64.77	73.68	83.16
<b>GROSS PROFIT</b>	<b>11.35</b>	<b>14.73</b>	<b>18.46</b>	<b>22.34</b>	<b>26.78</b>
	<b>19.22%</b>	<b>20.67%</b>	<b>22.18%</b>	<b>23.27%</b>	<b>24.36%</b>
Salary to Staff	4.74	5.38	6.13	6.84	7.83
Interest on Term Loan	0.55	0.49	0.35	0.21	0.07
Interest on working Capital	0.37	0.37	0.37	0.37	0.37
Rent	3.60	3.96	4.36	4.79	5.27
selling & adm exp	0.89	1.14	1.66	2.16	2.33
<b>TOTAL</b>	<b>10.15</b>	<b>11.34</b>	<b>12.88</b>	<b>14.38</b>	<b>15.88</b>
NET PROFIT	1.20	3.39	5.59	7.97	10.90
	<b>2.03%</b>	<b>4.76%</b>	<b>6.71%</b>	<b>8.30%</b>	<b>9.92%</b>
Taxation	-	-	0.25	0.74	1.41
PROFIT (After Tax)	1.20	3.39	5.34	7.23	9.50

#### 4.16. BREAK EVEN POINT ANALYSIS

<b>BREAK EVEN POINT ANALYSIS</b>					
<b>Year</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>Net Sales &amp; Other Income</b>	59.07	71.26	83.24	96.02	109.95
Less : Op. WIP Goods	-	1.14	1.32	1.52	1.72
Add : Cl. WIP Goods	1.14	1.32	1.52	1.72	1.95
<b>Total Sales</b>	<b>60.21</b>	<b>71.44</b>	<b>83.43</b>	<b>96.23</b>	<b>110.17</b>
<b>Variable &amp; Semi Variable Exp.</b>					
Raw Material Consumed	31.20	36.99	43.20	49.83	57.24
Electricity Exp/Coal Consumption at 85%	2.04	2.35	2.70	3.10	3.41
Wages & Salary at 60%	9.58	10.77	11.97	13.23	14.55
Selling & administrative Expenses 80%	0.71	0.91	1.33	1.73	1.86
Interest on working Capital	0.374365	0.374365	0.374365	0.374365	0.374365
Repair & maintenance	1.48	1.78	2.08	2.40	2.75
Packaging	1.18	1.43	1.66	1.92	2.20
<b>Total Variable &amp; Semi Variable Exp</b>	<b>46.56</b>	<b>54.60</b>	<b>63.32</b>	<b>72.58</b>	<b>82.39</b>
<b>Contribution</b>	<b>13.65</b>	<b>16.84</b>	<b>20.10</b>	<b>23.65</b>	<b>27.78</b>
<b>Fixed &amp; Semi Fixed Expenses</b>					
Electricity Exp/Coal Consumption at 15%	0.36	0.41	0.48	0.55	0.60
Wages & Salary at 40%	6.38	7.18	7.98	8.82	9.70
Interest on Term Loan	0.55	0.49	0.35	0.21	0.07
Depreciation	1.38	1.19	1.02	0.88	0.76
Selling & administrative Expenses 20%	0.18	0.23	0.33	0.43	0.47
Rent	3.60	3.96	4.36	4.79	5.27
<b>Total Fixed Expenses</b>	<b>12.45</b>	<b>13.45</b>	<b>14.52</b>	<b>15.68</b>	<b>16.87</b>
<b>Capacity Utilization</b>	<b>40%</b>	<b>45%</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>
<b>OPERATING PROFIT</b>	<b>1.20</b>	<b>3.39</b>	<b>5.59</b>	<b>7.97</b>	<b>10.90</b>
<b>BREAK EVEN POINT</b>	<b>36%</b>	<b>36%</b>	<b>36%</b>	<b>36%</b>	<b>36%</b>
<b>BREAK EVEN SALES</b>	<b>54.92</b>	<b>57.07</b>	<b>60.25</b>	<b>63.81</b>	<b>66.93</b>

**4.17. PROJECTED BALANCE SHEET**

<b>PROJECTED BALANCE SHEET</b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Liabilities</u></b>					
Capital					
opening balance		4.16	5.05	6.38	7.61
Add:- Own Capital	1.39				
Add:- Retained Profit	1.20	3.39	5.34	7.23	9.50
Less:- Drawings	2.00	2.50	4.00	6.00	8.00
Subsidy/grant	3.57				
Closing Balance	4.16	5.05	6.38	7.61	9.11
Term Loan	4.99	3.74	2.49	1.25	-
Working Capital Limit	3.40	3.40	3.40	3.40	3.40
Sundry Creditors	1.04	1.23	1.44	1.66	1.91
Provisions & Other Liab	0.40	0.50	0.60	0.72	0.86
<b>TOTAL :</b>	<b>13.99</b>	<b>13.92</b>	<b>14.32</b>	<b>14.64</b>	<b>15.28</b>
<b><u>Assets</u></b>					
<b>Fixed Assets ( Gross)</b>	10.20	10.20	10.20	10.20	10.20
Gross Dep.	1.38	2.57	3.59	4.47	5.23
<b>Net Fixed Assets</b>	<b>8.82</b>	<b>7.63</b>	<b>6.61</b>	<b>5.73</b>	<b>4.97</b>
<b>Current Assets</b>					
Sundry Debtors	2.95	3.56	4.16	4.80	5.50
Stock in Hand	1.87	2.19	2.52	2.89	3.28
Cash and Bank	0.35	0.54	1.03	1.23	1.54
<b>TOTAL :</b>	<b>13.99</b>	<b>13.92</b>	<b>14.32</b>	<b>14.64</b>	<b>15.28</b>

**4.18. CASH FLOW STATEMENT**

<b><u>PROJECTED CASH FLOW STATEMENT</u></b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>SOURCES OF FUND</u></b>					
Own Margin	1.39				
Net Profit	1.20	3.39	5.59	7.97	10.90
Depriciation & Exp. W/off	1.38	1.19	1.02	0.88	0.76
Increase in Cash Credit	3.40	-	-	-	-
Increase In Term Loan	5.61	-	-	-	-
Increase in Creditors	1.04	0.19	0.21	0.22	0.25
Increase in Provisions & Oth lib	0.40	0.10	0.10	0.12	0.14
Sunsidy/grant	3.57				
<b>TOTAL :</b>	<b>17.99</b>	<b>4.87</b>	<b>6.92</b>	<b>9.19</b>	<b>12.05</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	10.20				
Increase in Stock	1.87	0.32	0.34	0.36	0.39
Increase in Debtors	2.95	0.61	0.60	0.64	0.70
Repayment of Term Loan	0.62	1.25	1.25	1.25	1.25
Drawings	2.00	2.50	4.00	6.00	8.00
Taxation	-	-	0.25	0.74	1.41
<b>TOTAL :</b>	<b>17.64</b>	<b>4.67</b>	<b>6.43</b>	<b>8.99</b>	<b>11.74</b>
Opening Cash & Bank Balance	-	0.35	0.54	1.03	1.23
Add : Surplus	0.35	0.20	0.49	0.20	0.31
<b>Closing Cash &amp; Bank Balance</b>	<b>0.35</b>	<b>0.54</b>	<b>1.03</b>	<b>1.23</b>	<b>1.54</b>



**4.19. DEBT SERVICE COVERAGE RATIO**

<b><u>CALCULATION OF D.S.C.R</u></b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
CASH ACCRUALS	2.58	4.58	6.36	8.11	10.26
Interest on Term Loan	0.55	0.49	0.35	0.21	0.07
<b>Total</b>	<b>3.13</b>	<b>5.06</b>	<b>6.71</b>	<b>8.32</b>	<b>10.33</b>
<b><u>REPAYMENT</u></b>					
Instalment of Term Loan	0.62	1.25	1.25	1.25	1.25
Interest on Term Loan	0.55	0.49	0.35	0.21	0.07
<b>Total</b>	<b>1.17</b>	<b>1.73</b>	<b>1.60</b>	<b>1.46</b>	<b>1.32</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.66</b>	<b>2.92</b>	<b>4.21</b>	<b>5.71</b>	<b>7.82</b>
<b>AVERAGE D.S.C.R.</b>	<b>4.61</b>				