



Model Detailed Project Report

Potato Finger Chips

*Under the Formalization of Micro Food Processing Enterprises Scheme
(Ministry of Food Processing Industries, Government of India)*

Prepared by

Indian Institute of Food Processing Technology (IIFPT)

Pudukkottai Road, Thanjavur, Tamil Nadu

Ministry of Food Processing Industries, Government of India

CONTENTS

S.NO.	DESCRIPTION
1	Project Summary
2	Introduction
3	Process Flow Chart
4	Economics of the Project
	<i>covering:</i>
<i>a</i>	Basis & Presumptions
<i>b</i>	Capacity & its utilisation
<i>c</i>	Premises
<i>d</i>	Machinery & Equipments
<i>e</i>	Misc.Fixed Assets
<i>f</i>	Total Cost of the Project
<i>g</i>	Means of Finance
<i>h</i>	Term Loan
<i>l</i>	Term Loan repayment & interest schedule
<i>j</i>	Working Capital & Margin Money Calculations
<i>k</i>	Salaries/Wages
<i>l</i>	Consumables
<i>m</i>	Power/Water
<i>n</i>	Depreciation
<i>o</i>	Repairs & Maintenance
<i>p</i>	Insurance
<i>q</i>	Marketing/Selling Expenses
<i>r</i>	Projections of Performance & Profitability Analysis
<i>s</i>	Break-even-point Analysis
<i>t</i>	Projected Balance Sheet
<i>u</i>	Cash-flow Statement
<i>v</i>	Debt-service Coverage Ratio

PROJECT SUMMARY

1	Name of the Firm	:	
2	Constitution	:	Proprietorship Firm
3	Proprietor	:	
4	Address	:	
5	Size of Plot	:	100 Sq. mts.
6	Location	:	
7	Covered Area	:	60 Sq. mts.
8	Proposed Project to be set-up	:	Potato Finger Chips
9	Type of Industry	:	Manufacturing
10	Major Raw Materials	:	Potato, Oil, Spices etc.
11	Power Load	:	15 HP
12	Employment	:	13 Persons
13	Total Cost of the Project	:	(Rs.in Lakh)
	a. Premises	:	Owned
	b. Machinery & Equipment	:	26.15
	c. Misc.Fixed Assets	:	1.00
	d. Pre-liminary and Pre-operative expenses	:	0.64
	e. Security Depsits with Landlord/Others.	:	0.83
	f. Working Capital	:	4.07
	Total	:	Rs. 32.69 Lakh

14	Means of Finance	:		
a.	Term Loan from Bank			19.42
b.	PM FME Subsidy		10.00	
	Promoter's Contribution		<u>3.27</u>	13.27
	Tota	:	Rs.	32.69 Lakh
	I			
	Promoter's Share to Project Cost			40.59 Percent
	Debt-Equity Ratio			1.46 : 1

15	Annual Profitability (at 40% efficiency)	:		
a.	Annual Revenues	:	Rs.	105.00 Lakh
b.	Profit before tax	:	Rs.	5.58 Lakh
c.	Percentage Profit	:		5.31 %
d.	Annual Return on Investment	:		17.07 %
e.	Average Break-even-Point	:		55.84 %
f.	Debt-service Coverage Ratio	:		2.10

Introduction:

Potato is a perishable commodity and cannot be preserved longer in fresh form. Although for some time potatoes can be preserved by low temperature storage but this low temperature storage results in many undesirable biochemical changes in the quality of the potatoes. Another alternative for the preservation of potatoes is to conversion in the shelf stable value-added processed products. Further, value-addition and processing of potato will also ensure the availability of wholesome, safe, nutritious, and acceptable food to consumers throughout the year along with simultaneous reduction in post-harvest losses and profit to the farmers for their produce.

Potatoes are processed into a great variety of products, including cooked potatoes, parfried potato strips, french fries, potato chips, potato starch, potato granules, potato flakes and dehydrated diced potatoes and others. Globally, only two potato-based snack foods i.e., chips/wafers and French-fried potato are the main value-added products of potato, accounting for more than 42% of the potato based processed products. Such type of fried products is loved for convenience and their premium taste, flavour, and texture. With the technological advancements, now potato processing is highly industrialized and market driven. Like other processed products, the finished product quality of potato based value-added products severely depends upon the quality of raw potatoes used.

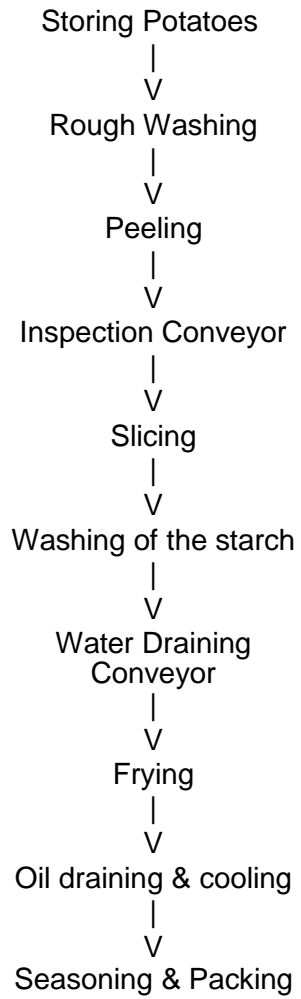
French Fries:

French fries are among the highest viable potato products all around the world and are traditionally produced by cutting potato strips from fresh potatoes which are then deep fat fried. In the French fry industry, five global players, three North American and two European, have an estimated share of about 75% of the global French fry production. The global frozen potato market is projected to reach \$74,403 million by 2025, registering a CAGR of 3.8% from 2018 to 2025. The key manufacturers in the Frozen French Fries include Ore-Ida, Cascadian Farm Organic, Alexia Foods, Trader Joe's Fan, Checkers & Rally's, Arby's IP Hold-er, McCain, Kroger. Being fried in oil French fries are generally high-calorie food and provide some beneficial nutrients such as minerals and vitamins.

Like potato chips, French fries are also fat-rich high energy food. On an average 100 g of full fried French fries can provide 312 kcal of energy, 3.43 g protein, 14.73 g of fat, 41.44 g carbohydrates, 3.8 g total dietary fiber, 0.3 g sugars and 1.85 g of ash. However, this composition can vary depending upon the quality of oil used and frying time-temperature. Frozen French fries are good sources of Vitamin C, provides 10.5 to 24.5 mg of vitamin C per 100 g serving which may provide 30% of the daily value for a 2000 calorie reference diet. Frozen French fries are good source of potassium-containing 385-433 mg of potassium (12% of daily value), 8-11 mg calcium, 0.54-0.77 mg iron per 100 g serving (USDA-SR Legacy 170523).

French fries are traditionally produced by deep frying of fresh potato strips. Generally, French fries are prepared and sold as par-fried frozen product. Commercially three major kinds of French Fries are produced (1) deep-frozen completely fried, suitable for oven heating (2) deep-frozen partially fried strips, require additional frying before consumption; and (3) refrigerated partially fried strips with short shelf-life and need additional frying. French fries can be prepared in multiple shape and style such as elongated strips with parallel sides and approximate cross-section dimensions of $\frac{1}{4}$ " \times $\frac{1}{4}$ ", $\frac{3}{8}$ " \times $\frac{3}{8}$ ", $\frac{1}{2}$ " \times $\frac{3}{4}$ ", $\frac{3}{4}$ " \times $\frac{3}{4}$ ", straight cut (smooth surface), shoestring (can be either straight or crinkle cut with cross section area $(\frac{3}{8}" \times \frac{3}{8}"$), crinkle cut (corrugated cut surface), or slices (pieces of potatoes with two practically parallel sides), dices (cubes), Rissole (whole or nearly whole potatoes).

PROCESS FLOW
CHART



**ECONOMICS OF THE
PROJECT**

a BASIS OF PRESUMPTIONS :

No.of Working Days per Annum	:	300
No.of Working Shift(s) per day	:	Single
No.of Working Hours per shift	:	8

b PRODUCT(S) MIX, CAPACITY & ITS UTILISATION:

<i>Product</i>	<i>Units</i>	<i>Qty.</i>	<i>Average Selling Price (Rs./Unit)</i>	<i>Amount, (Rs.in Lakh)</i>
Potato Finger Chips	tons	150	175000	262.50
	_____	_____	_____	_____
	tons	150		262.50
Capacity Utilisation			:	
First Year of operation			:	40 %
Second Year of operation			:	50 %
Third Year of operation			:	60 %
Fourth Year of operation			:	65 %
Fifth Year & onwards years of operation			:	70 %

d **MACHINERY AND EQUIPMENT:**

S.No.	Description	Qty. Nos.	Rate (Rs.Lakh)	Amount (Rs.in Lakh)	
A Washing Section					
1	Reel Machine	1	1.00	1.00	
2	Separator	1	1.50	1.50	
3	Emery Ruler Machine	1	0.90	0.90	
4	Elevator	3	0.60	1.80	
5	Low Pressure Pan	2	0.60	1.20	
6	Drum	3	0.40	<u>1.20</u>	7.60
B Grinding Section					
7	Grinding Machine	1	3.00	3.00	
8	Plant Separator	1	2.50	2.50	
9	Vibro Purifier	1	2.00	2.00	
10	High Pressure Fan	1	0.75	0.75	
11	Finisher Machine	1	1.00	<u>1.00</u>	9.25
C Plant Section					
12	Ekoter Machine	1	3.30	3.30	
13	Spices Mixer	1	1.00	1.00	
14	Pneumatic Packing Machine	1	2.00	2.00	
15	Compressor	1	1.00	1.00	
16	Motors & Electrical Goods	1	2.00	<u>2.00</u>	9.30

Total **Rs. 26.15 Lakh**

e **MISC. FIXED ASSETS** :

Additionally, following misc. fixed assets are also required for the proposed project:

(Rs.in Lakh)

a.	Furniture and Fixtures	:	0.50
b.	Fire Fighting & Other Safety Equipments	:	0.25
c.	Misc.(Storage Racks)	:	0.25

Total	:	Rs.	1.00 Lakh
--------------	---	------------	------------------

f	<u>TOTAL COST OF THE PROJECT</u>	:		
				<i>(Rs.in Lakh)</i>
a.	Premises	:		Owned
b.	Machinery & Equipment	:		26.15
c.	Misc.Fixed Assets	:		1.00
d.	Pre-liminary and Pre-operative expenses	:		0.64
e.	Security Depsits with Landlord/Others.	:		0.83
f.	Working Capital	:		4.07
	Tota I	:	Rs.	32.69 Lakh

g **MEANS OF FINANCE** :

It is proposed to finance the project as under:

				<i>(Rs.in Lakh)</i>
a.	<u>Loan from Bank</u> Term Loan		19.42	
b.	PM FME Subsidy		10.00	
	Promoter's Contribution		<u>3.27</u>	13.27
	Total	:	Rs.	32.69 Lakh
	Promoter's Share to Project Cost			40.59 Percent
	Debt-Equity Ratio			1.46 : 1

h **TERM LOAN**

: Rs. Lakh

S.No.	Description	Value	Term Loan		
1).	Premises	Owned			
2).	Machinery & Equipment	26.15	75 %		19.61
3).	Misc.Fixed Assets	1.00	75 %		0.75
Term Loan Eligibility		27.15	Rs.	20.36	Lakh
Term Loan to be applied for			Rs.	19.42	Lakh

i **TERM LOAN, ITS REPAYMENT AND INTEREST SCHEDULE**

Term Loan	:	Rs.	19.42	Lakh
Repayment Period			4.5	Years
Moratorium Period			6	months
Annual Interest Rate			10.50	%

<i>Year/Month</i>	<i>Opening Balance</i>	<i>Principle Repayment</i>	<i>Closing Balance</i>	<i>Interest</i>	
1st Year	1	1942000	0	1942000	16993
	2	1942000	0	1942000	16993
	3	1942000	0	1942000	16993
	4	1942000	0	1942000	16993
	5	1942000	0	1942000	16993
	6	1942000	0	1942000	16993
	7	1942000	35963	1906037	16835
	8	1906037	35963	1870074	16520
	9	1870074	35963	1834111	16206
	10	1834111	35963	1798148	15891
	11	1798148	35963	1762185	15576
	12	1762185	35963	1726222	<u>15262</u>
			215778		198246
2nd Year	1	1726222	35963	1690259	14947
	2	1690259	35963	1654296	14632
	3	1654296	35963	1618333	14318
	4	1618333	35963	1582370	14003
	5	1582370	35963	1546407	13688
	6	1546407	35963	1510444	13374
	7	1510444	35963	1474481	13059
	8	1474481	35963	1438519	12744
	9	1438519	35963	1402556	12430
	10	1402556	35963	1366593	12115
	11	1366593	35963	1330630	11800
	12	1330630	<u>35963</u>	1294667	<u>11486</u>
			431556		158597

i **TERM LOAN, ITS REPAYMENT AND INTEREST SCHEDULE**
(Contd....)

<i>Year/Month</i>		<i>Opening Balance</i>	<i>Principle Repayment</i>	<i>Closing Balance</i>	<i>Interest</i>	
3rd Year	1	1294667	35963	1258704	11171	
	2	1258704	35963	1222741	10856	
	3	1222741	35963	1186778	10542	
	4	1186778	35963	1150815	10227	
	5	1150815	35963	1114852	9912	
	6	1114852	35963	1078889	9598	
	7	1078889	35963	1042926	9283	
	8	1042926	35963	1006963	8968	
	9	1006963	35963	971000	8654	
	10	971000	35963	935037	8339	
	11	935037	35963	899074	8024	
	12	899074	<u>35963</u>	863111	<u>7710</u>	
				431556		113283
4th Year	1	863111	35963	827148	7395	
	2	827148	35963	791185	7080	
	3	791185	35963	755222	6766	
	4	755222	35963	719259	6451	
	5	719259	35963	683296	6136	
	6	683296	35963	647333	5822	
	7	647333	35963	611370	5507	
	8	611370	35963	575407	5192	
	9	575407	35963	539444	4877	
	10	539444	35963	503481	4563	
	11	503481	35963	467519	4248	
	12	467519	<u>35963</u>	431556	<u>3933</u>	
				431556		67970

i **TERM LOAN, ITS REPAYMENT AND INTEREST SCHEDULE (Contd....)**

<i>Year/Month</i>	<i>Opening Balance</i>	<i>Principle Repayment</i>	<i>Closing Balance</i>	<i>Interest</i>	
5th Year	1	431556	35963	395593	3619
	2	395593	35963	359630	3304
	3	359630	35963	323667	2989
	4	323667	35963	287704	2675
	5	287704	35963	251741	2360
	6	251741	35963	215778	2045
	7	215778	35963	179815	1731
	8	179815	35963	143852	1416
	9	143852	35963	107889	1101
	10	107889	35963	71926	787
	11	71926	35963	35963	472
	12	35963	<u>35963</u>	0	<u>157</u>
			431556		22657

k **RECURRING EXPENSES****(Rs. in Lakh)**

			1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
		Days					
a.	Consumables	6	1.37	1.71	2.05	2.22	2.39
	Bank Finance	75%	1.02	1.28	1.54	1.66	1.79
b.	Work in progress	2	0.49	0.62	0.75	0.81	0.87
	Bank Finance	75%	0.37	0.47	0.56	0.61	0.65
c.	Finished Goods in Stoc	2	0.58	0.58	0.71	0.85	0.92
	Bank Finance	75%	0.43	0.43	0.53	0.63	0.69
d.	Accounts Receivables	15	5.25	6.56	7.88	8.53	9.19
	Bank Finance	60%	3.15	3.94	4.73	5.12	5.51
e.	Misc.Expenses	30	1.81	2.16	2.46	2.69	2.93
	Bank Finance	0%	0.00	0.00	0.00	0.00	0.00
	Total		9.50	11.62	13.84	15.09	16.29
	Less:SundryCreditors	2	0.46	0.57	0.68	0.74	0.80
	Recurring Expenses		9.04	11.05	13.15	14.35	15.49
	Bank Finance		4.98	6.12	7.35	8.02	8.65
	Margin Money		4.07	4.94	5.80	6.33	6.85

k STAFF & LABOUR REQUIREMENTS AND ANNUAL SALARIES/WAGES BILL

S.No.	Designation	Nos.	Rate p.m. (Rs.) Lakh)	Amount (Rs.in Lakh)	
a.	<u>Office Staff</u>				
1	Accountant	1	15000	1.80	
2	Sales & Marketing	2	20000	4.80	
3	Peon/Watchman	1	10000	<u>1.20</u>	7.80
		<hr/>			
		4			
b.	<u>Supervisory</u>				
		<u>1</u>	25000	<u>3.00</u>	3.00
		1			
c.	<u>Workers</u>				
1	Skilled Operators	2	15000	3.60	
2	Semi-skilled Workers	2	12000	2.88	
3	Unskilled Labour	4	10000	<u>4.80</u>	11.28
		<hr/>			
		8		22.08	
	10% benefits			2.21	
		<hr/>			
		13	Rs.	24.29	Lakh
		<hr/>			

Note:- More than 75% of local persons to be employed

I ANNUAL COST OF RAW MATERIALS, CONSUMABLES & PACKAGING MATERIALS (at 100% efficiency)

Following Raw Materials, Consumables & Packaging materials are required for the proposed project:

S.No	Description		
1	Fresh Potatoes, Wheat Flour, Sugar	}	
2	Edible Oil (refined groundnut oil)	}	
3	Spices & other consumables	}	
4	Misc. Consumables	}	60.00 % of sales value
5	Packing Materials	}	
	Printed Flexible Tubular Films	}	
	Printed Corrugated Boxes	}	5.00 % of sales value
	Printed Card Board Hangers	}	
	Tape rolls, bar coating stickers	}	
	strapping belt, doughler etc.	}	
	Cost of raw materials, consumables and packing materials		
	is assumed at	65.00	% of annual revenues.

Total Rs. 170.63 Lakh

Year-wise cost of Raw Materials, Consumables & Packing Materials:

Rs. in Lakh

1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
68.25	85.31	102.38	110.91	119.44

m ANNUAL COST OF UTILITIES (POWER & WATER)

(at 100% efficiency)

a. Power

Total Load			15	HP		
			11	KW		
Consumption			Load x 8 x 300 x 0.75			
			Hrs.x			
			DaysxPower			
					Factor	
Source:			20142 KWH			
Govt.	75%		15106.5 KWH			
Rate	Rs.	9.00	KWH		1.36	Lakh
Generator	25%		5035.5 KWH			
Rate	Rs.	15.00	KWH		<u>0.76</u>	Lakh
Total Power Bill		Rs.	2.11			Lakh

b. Water

Water	300	KL				
@ Rs.	25.00	per KL				
			Rs.	0.08		Lakh

Total Power & Water Bill Rs. 2.19 Lakh

n **DEPRECIATION CHART**

Machinery & Equipment : Rs. 26.15 Lakh

Misc.Fixed Assets : Rs. 1.00 Lakh

S.No.	Description		1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
1).	Machinery & Equipment		26.15	22.23	18.89	16.06	13.65
	Depreciation rate	15%	<u>3.92</u>	<u>3.33</u>	<u>2.83</u>	<u>2.41</u>	<u>2.05</u>
			22.23	18.89	16.06	13.65	11.60
2).	Misc.Fixed Assets		1.00	0.85	0.72	0.61	0.52
	Depreciation rate	15%	<u>0.15</u>	<u>0.13</u>	<u>0.11</u>	<u>0.09</u>	<u>0.08</u>
			0.85	0.72	0.61	0.52	0.44
	Total Depreciation		4.07	3.46	2.94	2.50	2.13

o **REPAIRS & MAINTENANCE**

S.No.	Description	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
1).	Machinery & Equipment Repairs/Maintenance	26.15	22.23	18.89	16.06	13.65
	Rate (%)	0.50	1.00	1.50	2.00	2.50
	Amount (Rs.Lakh)	0.13	0.22	0.28	0.32	0.34
2).	Misc.Fixed Assets Repairs/Maintenance	1.00	0.85	0.72	0.61	0.52
	Rate (%)	0.50	1.00	1.50	2.00	2.50
	Amount (Rs.Lakh)	0.01	0.01	0.01	0.01	0.01
	Total	0.14	0.23	0.29	0.33	0.35

p **INSURANCE**

The fixed assets of the project will be insured for all types of risks. Annual insurance Charges payable shall be as under:-

S.No.	Description	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
1).	Machinery & Equipment	26.15	22.23	18.89	16.06	13.65
2).	Misc.Fixed Assets	<u>1.00</u>	<u>0.85</u>	<u>0.72</u>	<u>0.61</u>	<u>0.52</u>
	Total	27.15	23.08	19.62	16.67	14.17
	Insurance Charges:					
	Rate (%)	1.00	1.50	2.00	2.50	3.00
	Amount (Rs.Lakh)	0.27	0.35	0.39	0.42	0.43

q **MARKETING EXPENSES**

Marketing Expenses include brokerage, commission, discounts etc.

These are assumed at 2.50 percent of revenues

Year	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
Revenues	105.00	131.25	157.50	170.63	183.75
Rate (%)	2.50	2.50	2.50	2.50	2.50
Selling Exps.	2.63	3.28	3.94	4.27	4.59

r **PROJECTIONS OF PERFORMANCE AND PROFITABILITY STATEMENT**

(Rs.in Lakh)

	1st Year	2nd Year	3rd Year	4th Year	5th Year
Capacity Utilisation (%)	40	50	60	65	70
A. Annual Revenues					
Value	105.00	131.25	157.50	170.63	183.75
Rs.Lakh					
(% increase over last year)		25.00	20.00	8.33	7.69
B. Expenses					
a. Raw Materials, Consum- ables & Packing Materials	68.25	85.31	102.38	110.91	119.44
b. Rent (Premises's)	0.00	0.00	0.00	0.00	0.00
b. Power/Water	0.88	1.09	1.31	1.42	1.53
c. Salaries & Wages*					
Salaries	11.88	13.07	14.37	15.81	17.39
Wages	4.96	6.82	8.19	8.87	9.55
d. Repairs & Maintenance	0.14	0.23	0.29	0.33	0.35
e. Insurance	0.27	0.35	0.39	0.42	0.43
f. Depreciation	4.07	3.46	2.94	2.50	2.13
f. Transportation	<u>2.40</u>	<u>3.00</u>	<u>3.60</u>	<u>3.90</u>	<u>4.20</u>
@ 0.50 Lakh p.m.	92.85	113.34	133.48	144.17	155.02
Expenses	92.85	113.34	133.48	144.17	155.02
* 10% increase every year					

r **PROJECTIONS OF PERFORMANCE AND PROFITABILITY STATEMENT**
(Contd.)

(Rs.in Lakh)

	1st Year	2nd Year	3rd Year	4th Year	5th Year
Capacity Utilisation (%)	40	50	60	65	70
C. Gross Profit	12.15	17.91	24.02	26.46	28.73
Selling Expenses	2.63	3.28	3.94	4.27	4.59
Overheads@	1.31	1.64	1.97	2.13	2.30
Preliminary & Pre-operative Expenses w/off	0.13	0.13	0.13	0.13	0.13
<u>Financial Expenses:</u>					
a. Interest on term loan	1.98	1.59	1.13	0.68	0.23
b. Interest on Working Capital Loan 10.50 % p.a.	0.52	0.64	0.77	0.84	0.91
D. Profit (before taxes)	5.58	10.63	16.08	18.41	20.57
E. Provision for Taxes	30.90%	1.72	3.29	4.97	5.69
F. Profit (after taxes)	3.86	7.35	11.11	12.72	14.22
Depreciation, added back	4.07	3.46	2.94	2.50	2.13
G. Cash Accruals	7.93	10.81	14.05	15.22	16.34

@ Telephone Bills, Postage/Courier Exps., Travelling/Conveyance,
Bank Charges/Commissions, Publicity etc. considered at 1.25
percent of revenues.

₹	BREAK-EVEN-EFFICIENCY ANALYSIS				
	1st Year	2nd Year	3rd Year	4th Year	5th Year
Capacity Utilisation (%)	40	50	60	65	70
A. Revenues	105.00	131.25	157.50	170.63	183.75
B. Variable Costs					
a. Raw Materials, Consumables & Packing Materials	68.25	85.31	102.38	110.91	119.44
b. Power/Water	0.88	1.09	1.31	1.42	1.53
c. Wages	4.96	6.82	8.19	8.87	9.55
d. Intt.on working capital loan	0.52	0.64	0.77	0.84	0.91
e. Marketing Expenses	2.63	3.28	3.94	4.27	4.59
Total	77.24	97.16	116.59	126.31	136.03
C. Fixed Costs					
a. Rent (Premises's)	0.00	0.00	0.00	0.00	0.00
b. Salaries	11.88	13.07	14.37	15.81	17.39
c. Admn. Overheads	1.31	1.64	1.97	2.13	2.30
d. Repairs & Maintenance	0.14	0.23	0.29	0.33	0.35
e. Insurance	0.27	0.35	0.39	0.42	0.43
f. Interest on term loan	1.98	1.59	1.13	0.68	0.23
g. Depreciation	4.07	3.46	2.94	2.50	2.13
Total	19.65	20.33	21.11	21.88	22.82
D. Contribution	27.76	34.09	40.91	44.32	47.72
E. Break-even-efficiency(%)	70.79	59.64	51.59	49.36	47.82
Average Break-even-efficiency			55.84		

CASH FLOW STATEMENT

(Rs.in Lakh)

	1st Year	2nd Year	3rd Year	4th Year	5th Year
A. Sources of Funds					
1.Increase in share Captial	13.27	0.87	0.86	0.53	0.52
2.Increase in Term Loan	19.42	0.00	0.00	0.00	0.00
3.Increase in Working Capital Borrowings	4.98	1.14	1.24	0.67	0.62
4.Profits before tax with interest added back	8.09	12.86	17.98	19.93	21.71
5.Preliminary Exps.w/off	0.13	0.13	0.13	0.13	0.13
6.Depreciation	4.07	3.46	2.94	2.50	2.13
	49.95	18.46	23.16	23.76	25.11
B. Disposition of Funds					
1.Preliminary & Pre- operative Expenses	0.64	0.00	0.00	0.00	0.00
2.Increase in Capital Expenditure	27.98	0.00	0.00	0.00	0.00
3.Increase in Current Assets	9.04	2.01	2.10	1.20	1.14
4.Decrease in Term Loan	2.16	4.32	4.32	4.32	4.32
5. Interests	2.50	2.23	1.91	1.52	1.13
6. Taxes	1.72	3.29	4.97	5.69	6.36
7. Remuneration/Drawings	5.00	5.50	6.05	6.66	7.32
	49.05	17.34	19.34	19.38	20.27
C. Opening Balance	0.00	0.90	2.02	5.84	10.22
D. Net Surplus/Deficit(-)	0.90	1.12	3.82	4.38	4.83
E. Closing Balance	0.90	2.02	5.84	10.22	15.05

(Rs.in Lakh)

PROJECTED BALANCE SHEET*(Rs.in Lakh)*

	1st Year	2nd Year	3rd Year	4th Year	5th Year
A. SOURCES OF FUNDS					
Share Capital	13.27	13.27	13.27	13.27	13.27
Add: Profits	<u>3.86</u>	<u>11.20</u>	<u>22.31</u>	<u>35.04</u>	<u>49.25</u>
	17.12	24.47	35.58	48.30	62.52
(-) Drgs/Remuner.	<u>5.00</u>	<u>5.50</u>	<u>6.05</u>	<u>6.66</u>	<u>7.32</u>
Net Worth	12.12	18.97	29.53	41.65	55.20
Loans					
Term Loan	19.42	17.26	12.95	8.63	4.32
Bank Borrowings	4.98	6.12	7.35	7.35	7.35
Unsecured Loans	0.00	0.00	0.00	0.00	0.00
Sundry Creditors	0.46	0.57	0.68	0.74	0.80
Other Current Liabilities	0.16	0.53	0.62	0.80	0.84
	37.13	43.44	51.14	59.17	68.51
B. APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	27.98	27.98	27.98	27.98	27.98
Depreciation	<u>4.07</u>	<u>7.53</u>	<u>10.48</u>	<u>12.98</u>	<u>15.10</u>
Net Block	23.91	20.45	17.50	15.00	12.88
Plot/Land	0.00	0.00	0.00	0.00	0.00
Current Assets					
Inventories	2.43	2.90	3.51	3.87	4.18
Sundry Debtors	5.25	6.56	7.88	8.53	9.19
Pre-liminary & Pre-operative Exps.not w/off Advances	0.64	0.51	0.38	0.26	0.13
Cash & Bank Balance	0.90	2.02	5.84	10.22	15.05
Other Current Assets	4.00	11.00	16.03	21.30	27.09
	37.13	43.44	51.14	59.17	68.51

DEBT SERVICE COVERAGE RATIO

	1st Year	2nd Year	3rd Year	4th Year	5th Year
Profit after tax	3.86	7.35	11.11	12.72	14.22
Depreciation	4.07	3.46	2.94	2.50	2.13
Intt.on Term Loan	1.98	1.59	1.13	0.68	0.23
Total Coverage	9.91	12.40	15.19	15.90	16.57
Loan Repayment	2.16	4.32	4.32	4.32	4.32
Intt.on Term Loan	1.98	1.59	1.13	0.68	0.23
Total Loan Li- ability	4.14	5.90	5.45	5.00	4.54
DSCR	2.39	2.10	2.79	3.18	3.65
Average DSCR			2.82		