

**PROJECT REPORT ON BHUJIA MAKING MODEL
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CHAPTER 1

COST OF PROJECT

The total cost of setting up the project is estimated at approximately Rs. 14.12 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	13.62
2	Furniture & Fixtures	0.20
3	Other Assets	0.30
TOTAL AMOUNT Rs. ...		14.12

CHAPTER 2

MEANS OF FINANCE

[Rupees in lacs]

S.NO.	PARTICULARS	TOTAL
1	Term Loan from Bank	11.30
2	Own Capital	2.82
TOTAL AMOUNT Rs. ...		14.12

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	Weighing Balance	1	₹ 59,358	₹ 59,358
2	Shifter	1	₹ 2,00,000	₹ 2,00,000
3	Mixer	1	₹ 2,24,485	₹ 2,24,485
4	Bhujia Extruder	1	₹ 2,00,445	₹ 2,00,445
5	Fryer	1	₹ 4,32,252	₹ 4,32,252
6	Centrifuge	1	₹ 2,40,534	₹ 2,40,534
7	Sealer	1	₹ 5,000	₹ 5,000
				₹ 13,62,074
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]				₹ 14,12,074

2 CAPACITY

Sr No.	Description				
A	Sales				
	Name of Product	UOM	Quantity (Per Kg Per Day)	Sale Price Per Kg	
→	Bhujia	Kg	120	₹ 220	
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	₹ 220	46,20,000	
Year II	75%	22,500	₹ 231	51,97,500	
Year III	80%	24,000	₹ 243	58,21,200	
Year IV	85%	25,500	₹ 255	64,94,276	
Year V	90%	27,000	₹ 267	72,20,107	

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 Bhujia are Besan, salt, red chilli powder, turmeric powder, black pepper powder and refined oil.

Assumed Cost of Raw Material for 1 Kg of Bhujia 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	30 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
INCOME					
Sales - Papad	46.20	51.98	58.21	64.94	72.20
TOTAL AMOUNT Rs. ...	46.20	51.98	58.21	64.94	72.20
EXPENDITURE					
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	0.27	0.30	0.33	0.36	0.40
Interest Cost - Term Loan	1.05	0.86	0.64	0.41	0.15
Depreciation	2.11	1.79	1.52	1.30	1.10
TOTAL AMOUNT Rs. ...	42.61	46.57	50.94	55.76	61.04
NET SURPLUS	3.59	5.41	7.27	9.18	11.16
Add :	-	-	-	-	-
Depreciation	2.11	1.79	1.52	1.30	1.10
CASH ACCRUALS	5.69	7.20	8.79	10.48	12.26
Interest on Loan	1.05	0.86	0.64	0.41	0.15
CASH ACCRUALS BEFORE INTEREST	6.74	8.05	9.44	10.89	12.41

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	-	11.30	1.05	2.88	9.46
IIInd YEAR	9.46	-	0.86	2.88	7.44
IIIrd YEAR	7.44	-	0.64	2.88	5.20
IVth YEAR	5.20	-	0.41	2.88	2.73
Vth YEAR	2.73	-	0.15	2.88	0.00
	-	11.30	3.10	14.40	0.00

ANNEXURE "C"

DEPRECIATION

(Rs. in lacs)

PARTICULARS	RATE OF DEP.	DEPRECIATION				
		I	II	III	IV	V
PLANT & MACHINERY	15.00%	2.04	1.74	1.48	1.25	1.07
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		2.11	1.79	1.52	1.30	1.10

ANNEXURE "D"

YEAR WISE COST INCURRED ON FIXED ASSETS

[Rupees in Lacs]

PARTICULARS	YEAR WISE COST				
	I	II	III	IV	V
PLANT & MACHINERY	13.62	-	-	-	-
FURNITURE & FIXTURES	0.20	-	-	-	-
OTHER ASSETS	0.30	-	-	-	-
TOTAL	14.12	-	-	-	-

ANNEXURE "E"

WRITTEN DOWN VALUE OF FIXED ASSETS

[Rupees in Lacs]

PARTICULARS	YEAR-WISE WDV				
	I	II	III	IV	V
PLANT & MACHINERY	11.58	9.84	8.36	7.11	6.04
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	12.01	10.22	8.69	7.40	6.29

PROJECTED BALANCE SHEET

ANNEXURE "F"

(RS IN LACS)

PARTICULARS	Y E A R S				
	Ist YEAR	IIInd YEAR	IIIInd YEAR	IVth YEAR	Vth YEAR
<u>LIABILITIES</u>					
Own's Capital					
Opening Balance	-	5.91	8.62	11.28	13.67
Add: Contribution during the year	2.82	-	-	-	-
Profit for the year	3.59	5.41	7.27	9.18	11.16
	6.41	11.32	15.88	20.47	24.83
Less: Drawings(including Taxes)	0.50	2.70	4.60	6.80	8.90
Closing Balance	5.91	8.62	11.28	13.67	15.93
Term Loan from Bank	9.46	7.44	5.20	2.73	0.00
<u>CURRENT LIABILITES & PROVISIONS</u>					
Sundry Creditors	0.41	0.46	0.51	0.57	0.64
TOTAL RS. ...	15.78	16.51	17.00	16.97	16.57
<u>ASSETS</u>					
Fixed Assets	12.01	10.22	8.69	7.40	6.29
<u>CURRENT ASSETS, LOAN & ADVANCES</u>					
Inventories	1.75	1.97	2.20	2.46	2.73
Sundry Debtors	1.27	1.42	1.59	1.78	1.98
Cash & Bank Balances	0.75	2.90	4.51	5.34	5.56
TOTAL RS. ...	15.78	16.51	17.00	16.97	16.57

CASH FLOW STATEMENT						ANNEXURE "G"
						<i>Rs. in Lacs.</i>
PARTICULARS	YEARS					
	Ist YEAR	IIInd YEAR	IIIInd YEAR	IVth YEAR	Vth YEAR	
<u>CASH INFLOW</u>						
Term Loan from Bank	11.30	-	-	-	-	
Own Capital	2.82	-	-	-	-	
Cash Accruals (Before interest)	6.74	8.05	9.44	10.89	12.41	
Increase in Current Liabilities	0.41	0.05	0.05	0.06	0.06	
TOTAL (A)	21.27	8.10	9.49	10.95	12.48	
<u>CASH OUTFLOW</u>						
Fixed Assets purchased	14.12	-	-	-	-	
Interest & Principal of Term Loan	2.88	2.88	2.88	2.88	2.88	
Increase in Current Assets	3.02	0.38	0.41	0.44	0.47	
Drawings	0.50	2.70	4.60	6.80	8.90	
TOTAL (B)	20.52	5.96	7.89	10.12	12.25	
OPENING BALANCE	-	0.75	2.90	4.51	5.34	
NET SURPLUS (A-B)	0.75	2.15	1.61	0.83	0.22	
CLOSING BALANCE	0.75	2.90	4.51	5.34	5.56	

ANNEXURE 'H'

EMI SCHEDULE				
Loan	11,29,659			
No. of Inst.	60			
R.O.I.	10.00%			
EMI	24,002			
Inst. #	Opening Balance	Interest	Repayment	Closing Balance
1	11,29,659	9,414	24,002	11,15,071
2	11,15,071	9,292	24,002	11,00,361
3	11,00,361	9,170	24,002	10,85,529
4	10,85,529	9,046	24,002	10,70,573
5	10,70,573	8,921	24,002	10,55,493
6	10,55,493	8,796	24,002	10,40,287
7	10,40,287	8,669	24,002	10,24,954
8	10,24,954	8,541	24,002	10,09,493
9	10,09,493	8,412	24,002	9,93,904
10	9,93,904	8,283	24,002	9,78,184
11	9,78,184	8,152	24,002	9,62,334
12	9,62,334	8,019	24,002	9,46,352
TOTAL RS...	11,29,659	1,04,715	2,88,023	9,46,352
13	9,46,352	7,886	24,002	9,30,236
14	9,30,236	7,752	24,002	9,13,986
15	9,13,986	7,617	24,002	8,97,601
16	8,97,601	7,480	24,002	8,81,079
17	8,81,079	7,342	24,002	8,64,419
18	8,64,419	7,203	24,002	8,47,621
19	8,47,621	7,064	24,002	8,30,682
20	8,30,682	6,922	24,002	8,13,603
21	8,13,603	6,780	24,002	7,96,381
22	7,96,381	6,637	24,002	7,79,015
23	7,79,015	6,492	24,002	7,61,505
24	7,61,505	6,346	24,002	7,43,849
TOTAL RS...	9,46,352	85,521	2,88,023	7,43,849

25	7,43,849	6,199	24,002	7,26,046
26	7,26,046	6,050	24,002	7,08,095
27	7,08,095	5,901	24,002	6,89,993
28	6,89,993	5,750	24,002	6,71,741
29	6,71,741	5,598	24,002	6,53,337
30	6,53,337	5,444	24,002	6,34,780
31	6,34,780	5,290	24,002	6,16,068
32	6,16,068	5,134	24,002	5,97,200
33	5,97,200	4,977	24,002	5,78,175
34	5,78,175	4,818	24,002	5,58,991
35	5,58,991	4,658	24,002	5,39,647
36	5,39,647	4,497	24,002	5,20,142
TOTAL RS...	7,43,849	64,316	2,88,023	5,20,142
37	5,20,142	4,335	24,002	5,00,475
38	5,00,475	4,171	24,002	4,80,644
39	4,80,644	4,005	24,002	4,60,647
40	4,60,647	3,839	24,002	4,40,484
41	4,40,484	3,671	24,002	4,20,153
42	4,20,153	3,501	24,002	3,99,652
43	3,99,652	3,330	24,002	3,78,980
44	3,78,980	3,158	24,002	3,58,137
45	3,58,137	2,984	24,002	3,37,119
46	3,37,119	2,809	24,002	3,15,927
47	3,15,927	2,633	24,002	2,94,558
48	2,94,558	2,455	24,002	2,73,010
TOTAL RS...	5,20,142	40,891	2,88,023	2,73,010
49	2,73,010	2,275	24,002	2,51,283
50	2,51,283	2,094	24,002	2,29,376
51	2,29,376	1,911	24,002	2,07,285
52	2,07,285	1,727	24,002	1,85,011
53	1,85,011	1,542	24,002	1,62,550
54	1,62,550	1,355	24,002	1,39,903
55	1,39,903	1,166	24,002	1,17,067
56	1,17,067	976	24,002	94,041
57	94,041	784	24,002	70,822
58	70,822	590	24,002	47,411
59	47,411	395	24,002	23,804
60	23,804	198	24,002	-
TOTAL RS...	2,73,010	15,013	2,88,023	-

ANNEXURE "I"**LOAN REPAYMENT SCHEDULE**

YEARS		PRINCIPAL	INTEREST	TOTAL
Ist YEAR	=	1.83	1.05	2.88
IInd YEAR	=	2.03	0.86	2.88
IIIrd YEAR	=	2.24	0.64	2.88
IVth YEAR	=	2.47	0.41	2.88
Vth YEAR	=	2.73	0.15	2.88
Total Rs (in lacs)		11.30	3.10	14.40

ANNEXURE "J"

DEBT SERVICE COVERAGE RATIO (DSCR)

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

	Cash Accruals	Interest on Term Loan	Principal Repayment	Ratio
Ist YEAR	6.74	1.05	2.88	1.72
IIInd YEAR	8.05	0.86	2.88	2.16
IIIrd YEAR	9.44	0.64	2.88	2.68
IVth YEAR	10.89	0.41	2.88	3.31
Vth YEAR	12.41	0.15	2.88	4.10
Average DSCR				2.79

BREAK EVEN POINT ANALYSIS

Particulars	1st Year	2nd Year	3rd Year	4th Year	5th Year
Fixed Cost (Rs.in Lacs)	21.30	22.61	24.12	25.86	27.82
Variable Cost (Rs.in Lacs)	21.32	23.96	26.82	29.90	33.22
Total Cost (Rs.in Lacs)	42.61	46.57	50.94	55.76	61.04
Sales (Rs.in Lacs)	46.20	51.98	58.21	64.94	72.20
Contribution (Sales-VC) (Rs.in Lacs)	24.89	28.01	31.39	35.04	38.98
B.E.P in %	85.59	80.70	76.84	73.79	71.37
Break Even Sales (Rs. In Lacs)	39.54	41.95	44.73	47.92	51.53
Break Even Point (Kgs per Year)	17,974	18,158	18,442	18,816	19,270
Break Even Point (Kgs per Day)	71.90	72.63	73.77	75.26	77.08

RATIO ANALYSIS SCHEDULE

PARTICULARS	1st Year	2nd Year	3rd Year	4th Year	5th Year	AVERAGE
Debt Service Coverage Ratio	1.72	2.16	2.68	3.31	4.10	2.79
Interest Service Coverage Ratio	6.44	9.42	14.67	26.63	82.68	27.97
Debt-Equity Ratio	1.60	0.86	0.46	0.20	0.00	0.63
Current Ratio	0.38	0.80	1.45	2.90	16.12	4.33
Net Cash Flow 10.00%	5.69	6.54	7.27	7.88	8.38	7.15