



DAVANAGERE UNIVERSITY

S.J.M Vidyapeetha ®, Chitradurga

**S.J.M College of Arts, Science and Commerce,
Chandravalli, Chitradurga. 577501**

Accredited by NAAC with "A"

PROJECT REPORT OF BUSINESS

**"SRI KALLESHWARA NATURAL WOOD
PRESSED OIL INDUSTRY"**

SUBMITTED BY- 3rd B.Com

- 1 Prashanthkumar T
- 2 Rahuverma G
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SUBMITTED TO

Dr. R.V Hegadal
Associate Professor
Dept. of Commerce

-: 2020-21 : -

Project Report & CMA Data

BEST FOOD

Executive Summary

Business Details

Name of Business Firm	BEST FOOD
Business Industry	Manufacturing FOOD manufacturing service
Nature of Business	
Legal Constitution	Partnership
Address	BEST Food center, SJM College, holalkere road, Chitradurga
Pin Code	577501
Contact Phone	9800000000

Project & Loan Details

Fixed Capital to be Invested	₹ 1,510,000
Working Capital to be Invested	₹ 500,000
Total Project Cost	₹ 2,010,000
Term Loan	₹ 1,359,000
Working Capital Loan	₹ 450,000
Total Loan Amount Needed	₹ 1,809,000
Loan Duration	7 Years
Moratorium Period	7 months
Type of Loan Needed	Business Loan
Average DSCR	1.061

Project Details

Cost of Project

₹ 2,010,000

Project Cost BreakUp

Land	₹ 300,000
Building, Shed, Interior Work	₹ 200,000
Machinery & Equipments	₹ 500,000
Computers, Printers, Servers, etc	₹ 100,000
Furniture, Fittings, Racks	₹ 100,000
Electrification & Backup	₹ 50,000
Installation charge, Shipping, etc	₹ 50,000
Vehicle for Business use	₹ 100,000
Software	₹ 10,000
Other initial expenditure	₹ 100,000
Working Capital	₹ 500,000

Means & Cost of Finance

Source	Share	Amount	Interest Rate
Own Capital	10%	₹ 201,000	N/A
Loan from Friends & Family	0%	₹ 0	N/A
Total Own Funds	10%	₹ 201,000	
Term Loan	68%	₹ 1,359,000	9.75%
Working Capital	22%	₹ 450,000	9.75%
Total	100%	₹ 2,010,000	

Promoter's Details

Mr Thippi.Chandru.Madhu.Sallu.Rahul.Sudeep is the founder/promoter of the Business Firm. The Promoter has done an indepth study of the Project's feasibility and has the relevent experenice to successfully implement the Project. The Promoter is confident about the market potential of their Project and they are capable to overcome competition & make sales as provided in the financial projections of this Report

Promoter Name	Mr Thippi.Chandru.Madhu.Sallu.Rahul.Sudeep
Gender	Male
Educational Qualifications	B Com graduate BEST FOOD SERVICE CENTER
Address	
Contact Phone	9800000000

Project Scope & Prospects

BEST FOOD is planning to setup a project of Manufacturing of FOOD manufacturing service . The Business firm and its owners have the relevant expertise & experience to set up this project and make it run as a profitable business in years to come.

With the country opening up from COVID restrictions there has been a significant improvement in industrial activities. India's economy grew at a record 20.1% year-on-year in April-June quarter and such high growth rate is also expected to continue for next few quarters.

Manufacturing has emerged as one of the high growth sectors in India. The 'Make in India' program has placed India on the world map as a manufacturing hub. BEST FOOD have thoroughly evaluated the prospects of setting up FOOD manufacturing service manufacturing unit and the prospects look very promising. The firm has studied the potential market opportunity and even on a conservative basis they expect to reach profitability in a smooth and sustainable way. Based on market study, the firm expects to achieve the sales and cash flows as detailed in the Projected Financials below.

Expected CAGR (FY 23 to FY 29)

7%

Total no. of employees to be engaged

6

CMA DATA

Projected Income Statement

Particulars	Remaining	Projection Years ---->							Rs in Thousand
	Current Year	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	
INCOME									
Revenue Income	118.6	1,102.6	1,392.7	1,484.5	1,550.8	1,593.9	1,640.8	1,684.4	
EXPENSES									
Purchases (Stock, Raw Material, etc)	22.5	114.9	136.0	156.4	157.8	164.9	167.8	173.4	
Changes in Inventory	-30.5	-51.1	-19.3	-12.8	-3.4	-9.5	-3.2	-7.0	
Building Rent	20.0	120.0	126.1	129.9	133.7	137.8	141.2	144.7	
Salary & Wages	24.0	204.0	252.1	259.7	267.5	275.5	282.4	289.5	
Electricity, Fuel & Water	6.0	51.0	63.0	64.9	66.9	68.9	70.6	72.4	
Repair & Maintenance	2.5	30.0	45.0	60.0	63.0	66.0	67.5	69.0	
Transportation	12.0	102.0	126.1	129.9	133.7	137.8	141.2	144.7	
Phone, Postage & Internet	2.4	20.4	25.2	26.0	26.7	27.6	28.2	28.9	
Advertising & Marketing	3.6	30.6	37.8	39.0	40.1	41.3	42.4	43.4	
Insurance expenses	8.0	48.0	50.4	51.9	53.5	55.1	56.5	57.9	
Consumables, Spares, etc	6.0	51.0	63.0	64.9	66.9	68.9	70.6	72.4	
Other expenses	12.0	102.0	126.1	129.9	133.7	137.8	141.2	144.7	
EBITDA	30.1	279.8	361.1	384.9	410.5	421.9	434.3	450.4	
Depreciation & Ammortisation	31.9	185.2	148.8	121.9	101.3	85.2	72.2	61.6	
EBIT	-1.8	94.6	212.2	263.0	309.2	336.8	362.1	388.8	
Interest Expense	29.5	180.4	166.8	148.5	128.3	106.1	81.6	54.8	
Profit Before Tax	-31.3	-85.8	45.5	114.5	180.9	230.7	280.6	334.1	
Tax Expense	-	-	11.4	28.6	45.2	57.7	70.1	83.5	
PROFIT AFTER TAX	-31.3	-85.8	34.1	85.9	135.7	173.0	210.4	250.5	

CMA DATA

Projected Balance Sheet

Particulars	Remaining	Projection Years --->							Rs in Thousand
	Current Year	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
SOURCES OF FUNDS									
A. Own Funds									
Initial Capital Invested	201.0	201.0	201.0	201.0	201.0	201.0	201.0	201.0	201.0
Additional Capital added	-	-	-	-	-	-	-0.0	-	-
Total Owner's Capital	201.0	201.0	201.0	201.0	201.0	201.0	201.0	201.0	201.0
Surplus (+) or deficit (-) in P&L A/c	-31.3	-117.1	-83.0	2.9	138.5	311.6	522.0	772.5	
Subsidy Received	-	-	-	-	-	-	-	-	-
B. Long Term Liabilities									
Term Loan from Bank	1,381.2	1,341.3	1,161.8	964.0	746.0	505.8	241.1	-0.0	
Loan from Friends & Family	-	-	-	-	-	-	-	-	-
C. Current Liabilities									
Working Capital Loan	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	
Interest Payable	14.7	15.0	13.9	12.4	10.7	8.8	6.8	4.6	
Provision for Taxation	-	-	11.4	28.6	45.2	57.7	70.1	83.5	
Trade Payables	48.2	57.8	70.2	73.9	77.1	90.1	92.2	94.6	
Total Sources of Funds	2,063.9	1,948.0	1,825.3	1,732.7	1,668.5	1,624.9	1,583.2	1,606.3	

Particulars	Remaining	Projection Years --->							Rs in Thousand
	Current Year	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
APPLICATION OF FUNDS									
A. Non Current Assets									
Fixed Assets									
Gross Block	1,510.0	1,510.0	1,510.0	1,510.0	1,510.0	1,510.0	1,510.0	1,510.0	1,510.0
Depreciation till date	31.9	217.1	365.9	487.8	589.2	674.3	746.5	808.1	
Net Block	1,478.1	1,292.9	1,144.1	1,022.2	920.8	835.7	763.5	701.9	
B. Current Assets									
Cash & Bank Balance	436.7	389.8	348.2	361.9	385.1	423.7	443.9	529.0	
Trade Receivables	118.6	183.8	232.1	235.0	245.5	239.1	246.1	238.6	
RM & WIP	7.5	15.3	18.9	22.7	23.4	25.3	25.9	27.1	
Finished Goods	23.0	66.3	81.9	90.9	93.6	101.3	103.8	109.6	
Total Application of Fund	2,063.9	1,948.0	1,825.3	1,732.7	1,668.5	1,624.9	1,583.2	1,606.3	

CMA DATA

Cash Flow Statement

Particulars	Remaining	Projection Years --->							Rs in Thousand
	Current Year	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
A. Cash Flow from Operating Activities									
Net Profit After Tax	-31.31	-85.78	34.09	85.87	135.67	173.02	210.43	250.55	
Add: Interest Expense	29.49	180.36	166.77	148.46	128.29	106.06	81.57	54.78	
Add: Depreciation	31.92	185.17	148.85	121.91	101.32	85.16	72.18	61.58	
Operating Profit before Working Capital Changes	30.09	279.75	349.71	356.24	365.29	364.25	364.18	366.90	
(Increase)/Decrease in Current Assets (other than Cash)	-149.09	-116.27	-67.61	-15.69	-13.91	-3.02	-10.19	0.45	
Increase/(Decrease) in Current Liabilities (other than WC loan)	62.99	9.86	22.65	19.34	18.15	23.58	12.52	13.62	
	-56.01	173.35	304.74	359.89	369.53	384.81	366.51	380.97	
B. Cash Flow from Financing Activities									
Interest Expense	-29.49	-180.36	-166.77	-148.46	-128.29	-106.06	-81.57	-54.78	
Term Loan Taken/ (Repaid)	1,381.17	-39.91	-179.50	-197.80	-217.98	-240.20	-264.70	-241.09	
Working Capital Loan Taken / (Repaid)	450.00	-	-	-	-	-	-	-	
Loan from Friends & Family	-	-	-	-	-	-	-	-	
Capital Introduced / (Drawings)	201.00	-	-	-	-	-	-0.00	0.00	
Subsidy Received	-	-	-	-	-	-	-	-	
	2,002.69	-220.27	-346.27	-346.27	-346.27	-346.27	-346.27	-295.87	
C. Cash Flow from Investing Activities									
Purchase of Fixed Assets	-1,510.00	-	-	-	-	-	-	-	
Total Cash Inflow / (Outflow) (A+B+C)	436.7	-46.9	-41.5	13.6	23.3	38.5	20.2	85.1	
Add Opening Cash Balance	-	436.7	389.8	348.2	361.9	385.1	423.7	443.9	
Closing Cash Balance	436.7	389.8	348.2	361.9	385.1	423.7	443.9	529.0	

CMA DATA

Key Ratios & Feasibility

Particulars	Remaining Current Year	Projection Years --->						
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Ratios								
Debt Equity Ratio	8.14	15.99	9.85	4.73	2.20	0.99	0.33	-0.00
Interest Coverage	1.02	1.55	2.17	2.59	3.20	3.98	5.32	8.22
Debt Service Coverage Ratio (DSCR - Gross)	1.02	1.01	1.01	1.03	1.05	1.05	1.05	1.24
Ratios								
Current Ratio	1.14	1.25	1.25	1.26	1.28	1.30	1.32	1.43
Quick Ratio or Liquid Ratio	8.81	7.87	6.08	5.20	4.74	4.23	4.08	4.20
Profitability Ratios								
Gross Profit Margin	76%	66%	64%	64%	64%	64%	64%	64%
EBIDTA Margin	25%	25%	26%	26%	26%	26%	26%	27%
Net Profit Margin	-26%	-8%	2%	6%	9%	11%	13%	15%
Activity Ratios (on closing value)								
Debtors Turnover (days)	53.00	60.83	60.83	57.79	57.79	54.75	54.75	51.71
Trade Payables (days)	25.32	29.28	29.75	29.38	29.83	33.72	33.71	33.74
Ratio	0.08	0.85	1.22	1.45	1.68	1.91	2.15	2.40

CMA DATA

Maximum Permissible Bank Finance (MPBF) Calculation

Particulars	Remaining Current Year	Projection Years --->						
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Total Current Assets (1)	585.77	655.11	681.21	710.52	747.70	789.26	819.69	904.35
Total Current Liabilities (other than Bank Borrowing) (2)	62.99	72.86	95.51	114.85	133.00	156.58	169.10	182.72
Working Capital Gap (1-2)	522.78	582.26	585.70	595.68	614.69	632.68	650.59	721.62
1st Method of Lending								
Minimum Stipulated Net Working Capital	130.69	145.56	146.42	148.92	153.67	158.17	162.65	180.41
MPBF 1st method	392.08	436.69	439.27	446.76	461.02	474.51	487.94	541.22
2nd Method of Lending								
Minimum Stipulated Net Working Capital	146.44	163.78	170.30	177.63	186.92	197.31	204.92	226.09
MPBF 2nd method	376.33	418.48	415.40	418.05	427.77	435.36	445.66	495.54
Actual Working Capital Loan O/s	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00

DSCR Calculation

Particulars	Remaining Current Year	Projection Years --->						
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
PAT + Depreciation + Interest	30.09	279.75	349.71	356.24	365.29	364.25	364.18	366.90
Interest payment	29.49	180.36	166.77	148.46	128.29	106.06	81.57	54.78
Principal Repayment	-	96.93	179.50	197.80	217.98	240.20	264.70	241.09
Total Repayment during the year	29.49	277.30	346.27	346.27	346.27	346.27	346.27	295.87
DSCR	1.02	1.01	1.01	1.03	1.05	1.05	1.05	1.24
Average DSCR	1.06							

Term Loan Repayment Schedule

Term Loan Amount	₹ 1,359,000
Loan O/s after Moratorium Period	₹ 1,438,203
Monthly EMI Amount	₹ 25,199

Year	Interest Charged	Total Payment to Bank	Principal Repaid	Closing Loan O/s
Current Year	22,173	-	-	1,381,173
1	136,490	176,395	96,935	1,341,268
2	122,893	302,392	179,499	1,161,769
3	104,588	302,392	197,804	963,966
4	84,417	302,392	217,975	745,991
5	62,188	302,392	240,203	505,787
6	37,693	302,392	264,699	241,089
7	10,904	251,993	241,089	-0
	559,173	1,940,347	1,438,203	

Depreciation Schedule

Asset to be purchased

Depreciation Rate

Land	0%
Building, Shed, Interior Work	10%
Machinery & Equipments	15%
Computers, Printers, Servers, etc	40%
Furniture, Fittings, Racks	10%
Electrification & Backup	10%
Installation charge, Shipping, etc	15%
Vehicle for Business use	15%
Software	40%
Other initial expenditure	15%

*Depreciation is worked out on WDV basis

Assumptions Used

Capacity Utilisation

It is assumed that post investment of loan funds into business, the business would reach its optimum capacity in the following manner

	Current Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Sales Capacity of Business	50%	75%	90%	100%	100%	100%	100%	100%
Expenses Capacity (Variable & Semi Variable)	60%	85%	100%	100%	100%	100%	100%	100%

Estimated Sales

Particulars	Current Year
Capacity Utilisation	50%
Average Sales per Day	₹ 2,238
Selling Price per Unit	Rs 100 /

In Projected Years, Sales are considered at the operational capacity tabulated above. Over the years the current selling price is increased marginally as it is assumed that after our product is established in the market, we will be able to command premium in the market

Estimated Expenses

Based on the working experience and market study, the Promoters have assumed that at 100% operational capacity, following expenses would have to be incurred

Particulars	Monthly Cost at current prices
Purchases (Stock, Raw Material, etc)*	₹ 10,000
Building Rent	₹ 10,000
Salary & Wages*	₹ 20,000
Electricity, Fuel & Water*	₹ 5,000
Repair & Maintenance	₹ 5,000
Transportation*	₹ 10,000
Telephone/postage & internet costs	₹ 2,000
Advertising & Marketing	₹ 3,000
Insurance expenses	₹ 4,000
Consumables, Spares, Stores, etc*	₹ 5,000
Other expenses	₹ 10,000
Total	₹ 84,000

*These Expenses (50% of Salary) are considered to calculate Gross Profit margin

Current Year Period

For the Current Period, the projections worked out are for the balance period of 2 month(s)

Adjustment for Inflation

In Sales & Expenses, both, nominal adjustment for price increase due to inflation is made

END OF REPORT

Contact Person
Contact Number

Thippi.Chandru.Madhu.Sallu.Rahul.Sudeep
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