



# 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 NEW BUSINESS

### Establishment of Poultry Form

**SUBMITTED BY- 3<sup>rd</sup> B.Com**

- 1 Manjula T
- 2 Mansi A Jain
- 3 Nandana M
- 4 Nazeen Taj
- 5 Pavithra S
- 6 Pooja M

**SUBMITTED TO**

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

**-: 2020-21 :-**

OP : ASHWATHAPPA  
S/O. THIPPAIAH  
D. S. HALLI  
CHITRADURGA TALUK & DIST.

K : PRAGATHI KRISHNA  
GRAMEENA BANK  
D. S. HALLI BRANCH  
CHITRADURGA TALUK & DIST.

Proprietor's  
Signature

**PROJECT AT A GLANCE**

|                           |  |
|---------------------------|--|
| Unit Address              | : D. S. Halli<br>Chitradurga Taluk & Dist  |
| Promoter's Name & Address | : ASHWATHAPPA<br>S/O THIPPAIAH<br>D. S. HALLI<br>CHITRADURGA TALUK & DIST.<br>POULTRY FARM UNIT (BROILER TYPE) |
| Project                   | : OWN  |
| Cost Machinery            | : Rs. 6,50,000/-   |
| Cost of Project           | : To 5 Persons   |
| Employment                | <b>BRIEF BIO-DATA OF PROPRIETORS :</b>   |
| Age                       | : 60 Years   |
| Qualification             | : NIL  |
| Experience                | : 20 years   |
| Category                  | : SC   |
| Working Days              | : 365 Days in a year   |
| Chicken birds             | : 5000 birds per for each batch production   |

## **COST OF PROJECT :**

|    |                           |                         |
|----|---------------------------|-------------------------|
| 1) | Poultry Shed              | : OWN                   |
| 2) | Machinery &<br>Equipments | : Own                   |
| 3) | Working Capital           | : Rs. 6,50,000/-        |
|    | <b>Total Rs.</b>          | <b>: Rs. 6,50,000/-</b> |

## MEANS OF FINANCE

|   |                         |
|---|-------------------------|
| 1) Proprietors Contribution                                   | : Rs. 1,50,000/-        |
| 2) Bank Loan<br>a. T. Loan : Nil<br>b. W. Cap :<br>5,00,000/- | : Rs. 5,00,000/-        |
| <b>Total Rs.</b>  | <b>: Rs. 6,50,000/-</b> |

## INTRODUCTION :

Shri. Ashwathappa is already establish POULTRY FARM UNIT at D. S. Halli, Chitradurga Taluk & District.

The unit is having its own poultry shed and equipments that are needed to poultry farm.

The capacity of the unit is 5000 chick birds production for each batch.

The unit needs working capital amount of Rs. 6,50,000/- to purchase Poultry feeds to the existence of Poultry Farm.

Labour salary and other needed experiences cost will also required in the existence of Poultry Farm.

The unit is requesting the bank authorities to issue Rs. 6,50,000/- amount as working capital amount to the unit.

Chicken birds are essential non-vegetarian food to all the non-vegetarian persons.

Chitradurga District 70% of the population is covered with non vegetarian group which are needed chicken birds as one of the non-vegetarian food raw material.

## BIO - DATA

Sri. Ashwathappa S/o. Thippaiah, resident of D. S. Halli, Chitradurga Taluk & District is the proprietor of the unit. Proprietor is aged about 60 Years. Proprietor studied SSLC. Proprietor belongs to SC Category. The proprietor of the unit is experienced person in the field of POULTRY FARM UNIT since 20 years at Chitradurga Dist.

## **MARKET**

Chicken birds are essential non-vegetarian food to all the non-vegetarian persons. Chitradurga District 70% of the population is covered with non vegetarian group which are needed chicken birds as one of the non-vegetarian food raw material. All the chicken sales centers and non-vegetarian hotels are the marketing centers for Chicken Bird.

## **RECOMMENDATION**

There is regular demand to Chicken Birds and Chitradurga Dist. "THE INDUSTRY IS TECHNICALLY FESIBLE AND ECONOMICALLY VIABLE AND HENCE RECOMMENDED TO IMPLEMENTATION."



## Annexure 1

|                 |  |
|-----------------|--|
| CURRENT CHARGES | : AEH/ Daily 20 Units x 65 Days x Rs. 5.20<br>= Rs. 37,960/- |
| LABOUR WAGES    | : 05 Persons x Rs. 3,000 x 12 Months<br>=Rs. 1,80,000/-      |
| DOCTORS FEE     | : Rs. 5,000 per month x 12 months<br>= Rs. 60,000/-          |
| WATER CHARGES   | : Rs. 40,000/-   |

**Annexure 2**  
**DETAILS TO COST OF PRODUCTION**

1) Chick purchase cost at 100% Ratio / One Batch / 45 Days (08 Batch x 5,000

Chicks = 40,000 Chicks per year)

| Year     | Batch Size                          | Total Batches | Total Chicks | Price Per Chick | Total Cost        |
|----------|-------------------------------------|---------------|--------------|-----------------|-------------------|
| One year | 5,000<br>Birds per<br>each<br>batch | 08            | 40,000/-     | Rs. 13.60       | Rs.<br>5,44,000/- |

## 2) Feeds and Medicine Cost

| Year              | Total Chicks           | Feed / KGS Per Bird | Total Feed/Kgs | Feed Cost per Kg. | Total Feed Cost |
|-------------------|------------------------|---------------------|----------------|-------------------|-----------------|
| 1) Feeds Cost     | 40,000/-               | 2 KG                | 80,000/-       | Rs. 10/-          | 8.00 LKS        |
| 1) Medicines Cost | 40,000 Birds x Rs. 2/- |                     |                |                   | 0.80 LKS        |

## 3) Sales Cost

| Sales Cost                       | One Year  | Cost/Each 1 Kg Wt. | Total Cost             |
|----------------------------------|-----------|--------------------|------------------------|
| A) Sale of Broilers/1Kg Weight   | 40,000/-  | Rs. 60/-           | Rs. 24,00,000/-        |
| A) Sale of Manure (Chick Manure) | 40,000 KG | Rs. 5/-            | Rs. 2,00,000/-         |
| <b>TOTAL RS.</b>                 |           |                    | <b>Rs. 26,00,000/-</b> |

**Annexure 3**  
**COST OF PRODUCTION & PROFITABILITY**  
**STATEMENTS (RS. LKS)**

| Sl. No. | Particulars                       | I YR         | II YR        | III YR       | IV YR        | V YR         |
|---------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
|         | INSTALLED CAPACITY/CHICKS/NOS/LKS | 0.40         | 0.40         | 0.40         | 0.40         | 0.40         |
|         | CAPACITY UTILISATION (%)          | 80           | 85           | 90           | 95           | 100          |
| A.      | CHICK COST (BABY BIRD)            | 4.35         | 4.62         | 4.90         | 5.17         | 5.44         |
| B.      | FEEDS COST                        | 6.40         | 6.80         | 7.20         | 7.60         | 8.00         |
| C.      | MEDICINE COST                     | 0.64         | 0.68         | 0.72         | 0.76         | 0.80         |
|         | <b>TOTAL (A TO C)</b>             | <b>11.39</b> | <b>12.10</b> | <b>12.82</b> | <b>13.53</b> | <b>14.24</b> |
| D.      | UTILITIES                         |              |              |              |              |              |
|         | WATER CHARGES                     | 0.32         | 0.34         | 0.36         | 0.38         | 0.40         |
|         | CURRENT CHARGES                   | 0.30         | 0.32         | 0.34         | 0.36         | 0.38         |
|         | <b>TOTAL 'D'</b>                  | <b>0.62</b>  | <b>0.66</b>  | <b>0.70</b>  | <b>0.74</b>  | <b>0.78</b>  |
| E.      | LABOUR O/H                        | 1.60         | 1.89         | 1.98         | 2.10         | 2.20         |
| F.      | UNIT O/H 5% RAW MATERIAL COST     | 0.35         | 0.37         | 0.40         | 0.42         | 0.44         |
| G.      | ADMINISTRATIVE O/H 10% SALES COST | 2.08         | 2.20         | 2.34         | 2.46         | 2.60         |
| H.      | DOCTOR'S FEE                      | 0.60         | 0.65         | 0.70         | 0.75         | 0.80         |
|         | <b>TOTAL (E TO H)</b>             | <b>4.83</b>  | <b>5.11</b>  | <b>5.42</b>  | <b>5.73</b>  | <b>6.04</b>  |

### Annexure 3 (Contd ...)

| Sl. No. | Particulars                    | I YR  | II YR | III YR | IV YR | V YR  |
|---------|--------------------------------|-------|-------|--------|-------|-------|
| I       | TRANSPORT EXPENSES<br>5% SALES | 1.04  | 1.10  | 1.17   | 1.23  | 1.30  |
| J       | COST OF PRODUCTION<br>(A TO H) | 17.88 | 18.97 | 20.11  | 21.23 | 22.36 |
| K.      | SALES REALIZATION              | 20.60 | 22.10 | 23.40  | 24.70 | 26.00 |
| L.      | PROFIT BEFORE FIN.<br>EXPENSES | 2.92  | 3.13  | 3.29   | 3.47  | 3.64  |
| M.      | INTEREST                       | 0.70  | 0.56  | 0.42   | 0.28  | 2.14  |
| N.      | GROSS PROFIT<br>(L - (M+N))    | 2.22  | 2.57  | 2.87   | 3.19  | 3.50  |
| O.      | TAXES                          | 0.22  | 0.26  | 0.29   | 0.32  | 0.35  |
| P.      | NET PROFIT                     | 2.00  | 2.31  | 2.58   | 2.87  | 3.15  |

**Annexure 4**  
**LOAN REPAYMENT SCHEDULE**  
**Rs. 5.00 LKS**  
**Int. Rate : 14.00% P. A.**

| OPTG. Year | Installments<br>QRTLY | Balance<br>QRTLY | Interest<br>QRTLY | Annual Install | Annual Interest |
|------------|-----------------------|------------------|-------------------|----------------|-----------------|
| I          | 0.25                  | 4.75             | 0.18              |                |                 |
|            | 0.25                  | 4.50             | 0.18              |                |                 |
|            | 0.25                  | 4.25             | 0.17              |                |                 |
|            | 0.25                  | 4.00             | 0.17              | 1.00           | 0.70            |
| II         | 0.25                  | 3.75             | 0.14              |                |                 |
|            | 0.25                  | 3.50             | 0.14              |                |                 |
|            | 0.25                  | 3.25             | 0.14              |                |                 |
|            | 0.25                  | 3.00             | 0.14              | 1.00           | 0.56            |
| III        | 0.25                  | 2.75             | 0.11              |                |                 |
|            | 0.25                  | 2.50             | 0.11              |                |                 |
|            | 0.25                  | 2.25             | 0.10              |                |                 |
|            | 0.25                  | 2.00             | 0.10              | 1.00           | 0.42            |
| IV         | 0.25                  | 1.75             | 0.07              |                |                 |
|            | 0.25                  | 1.50             | 0.07              |                |                 |
|            | 0.25                  | 1.25             | 0.07              |                |                 |
|            | 0.25                  | 1.00             | 0.07              | 1.00           | 0.28            |
| V          | 0.25                  | 0.75             | 0.04              |                |                 |
|            | 0.25                  | 0.50             | 0.04              |                |                 |
|            | 0.25                  | 0.25             | 0.03              |                |                 |
|            | 0.25                  | 0.00             | 0.03              | 1.00           | 0.14            |

**Annexure - 6**  
**WORKING REQUIREMENTS**

| No. | Particulars      | Period / Days | Amount / Rs: LKS |
|-----|------------------|---------------|------------------|
|     | RAW MATERIALS    | 120           | Rs. 3.74 Lks     |
|     | LABOUR O/H       | 120           | Rs. 0.59 Lks     |
|     | INTEREST         | 120           | Rs. 0.23Lks      |
|     | UTILITIES        | 120           | Rs. 0.20 Lks     |
|     | BILLS RECEIVABLE | -             | Rs. 1.74 Lks     |
|     |                  | TOTAL Rs.     | Rs. 6.50 LKS     |

te:

working days : 365 days in a year  
 year costs are considered to calculate working capital requirements.

## DEBT SERVICE COVERAGE RATIO

| Sl No. | DESCRIPTIONS                  | I YR        | II YR       | III YR        | IV YR       | V YR        |
|--------|-------------------------------|-------------|-------------|---------------|-------------|-------------|
|        | <b>CASH ACRUALS</b>           |             |             |               |             |             |
| I.     | NET PROFIT                    | 2.00        | 2.31        | 2.58          | 2.87        | 3.15        |
| 2.     | INTEREST                      | 0.70        | 0.56        | 0.42          | 0.28        | 0.14        |
|        | <b>TOTAL 'I'</b>              | <b>2.70</b> | <b>2.87</b> | <b>3.00</b>   | <b>3.15</b> | <b>3.29</b> |
|        | <b>DEBT TO BE SERVICES</b>    |             |             |               |             |             |
| I.     | INTEREST                      | 0.70        | 0.56        | 0.42          | 0.28        | 0.14        |
| 2.     | INSTALMENT                    | 1.00        | 1.00        | 1.00          | 1.00        | 1.00        |
|        | <b>TOTAL 'II'</b>             | <b>1.70</b> | <b>1.56</b> | <b>1.42</b>   | <b>1.28</b> | <b>1.14</b> |
| III    | D.S.C.R. - III                | 1.59: 1     | 1.84: 1     | 2.11:1        | 2.40:1      | 2.89:1      |
| IV.    | <b>C.D.S.C.R. FOR 5 YEARS</b> |             |             | <b>2.18:1</b> |             |             |



**Annexure 6**  
**RETURN ON INVESTMENTS**

|    |                        |   |               |
|----|------------------------|---|---------------|
| A. | COST OF PROJECT        | : | Rs. 6.50 LKS  |
| B. | OPERATING YEARS        | : | 05 YEARS      |
| C. | CUM. PROFIT BEFORE TAX | : | Rs. 14.35 LKS |
| D. | CUM. PROFIT AFTER TAX  | : | Rs. 12.91 LKS |
| E. | CUM. INTEREST          | : | Rs. 2.10 LKS  |

**RETURN ON INVESTMENTS**

|    |                   |   |                                    |
|----|-------------------|---|------------------------------------|
| I. | PROFIT BEFORE TAX | = | $\frac{C+E}{A \times D} = 50.61\%$ |
| I. | PROFIT AFTER TAX  | = | $\frac{D+E}{A \times B} = 46.18\%$ |

## BREAK EVEN ANALYSIS

| S. No. | Particulars                   | I YR         | II YR        | III YR       | IV YR        | V YR         |
|--------|-------------------------------|--------------|--------------|--------------|--------------|--------------|
|        | INSTALLED CAPACITY            |              |              |              |              |              |
| I.     | CHICKS/LKS/NOS.               | 0.40         | 0.40         | 0.40         | 0.40         | 0.40         |
| 2.     | CAPACITY UTILISATION (%)      | 80           | 85           | 90           | 95           | 100          |
| 3.     | SALES REALIZATION/RS. LKS     | 20.80        | 22.10        | 23.40        | 24.70        | 26.00        |
| I.     | VARIABLE COST                 |              |              |              |              |              |
| A.     | CHICK FEED MEDICINE COST      | 11.39        | 12.10        | 12.82        | 13.53        | 14.24        |
| B.     | UTILITIES                     | 0.62         | 0.66         | 0.70         | 0.74         | 0.78         |
| C.     | LABOUR'S DOCTOR FEE           | 2.40         | 2.54         | 2.68         | 2.85         | 3.00         |
| D.     | TRANSPORT                     | 1.04         | 1.10         | 1.17         | 1.23         | 1.30         |
|        | <b>TOTAL 'I'</b>              | <b>15.45</b> | <b>16.40</b> | <b>17.37</b> | <b>18.35</b> | <b>19.32</b> |
| II.    | FIXED EXPENSES                |              |              |              |              |              |
| A.     | INTEREST                      | 0.70         | 0.56         | 0.42         | 0.28         | 0.14         |
| B.     | UNIT OVER HEADS               | 0.35         | 0.37         | 0.40         | 0.42         | 0.44         |
| C.     | ADMINISTRATIVE OVER HEADS     | 2.08         | 2.20         | 2.34         | 2.46         | 2.60         |
|        | <b>TOTAL 'II'</b>             | <b>3.13</b>  | <b>3.13</b>  | <b>3.16</b>  | <b>3.16</b>  | <b>3.18</b>  |
| III.   | CONTRIBUTION = SALES - V.COST | 5.35         | 5.70         | 6.03         | 6.35         | 6.68         |
| IV.    | BREAK EVEN POINT (%) =        | 58.50        | 54.91        | 52.40        | 49.75        | 47.60        |
| V.     | BREAK EVEN SALES/RS. LKS      | 16.64        | 18.78        | 21.06        | 23.46        | 26.00        |

# PROJECT CASH FLOW STATEMENTS

(Rs. LKS)

| SL. NO.   | DESCRIPTIONS                 | DATA        | I YR        | II YR       | III YR      | IV YR       | V YR         |
|-----------|------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <b>A.</b> | <b>SOURCES OF FUNDS</b>      |             |             |             |             |             |              |
| 1.        | OPENING BALANCE              | 0.00        | 0.00        | 1.22        | 2.79        | 4.66        | 6.85         |
| 2.        | PROFIT BEFORE FIN. EXP       | 0.00        | 2.92        | 3.13        | 3.29        | 3.47        | 3.64         |
| 3.        | LOAN                         | 5.00        |             |             |             |             |              |
| 4.        | PRCP CONTRIBUTION            | 1.50        |             |             |             |             |              |
|           | <b>TOTAL 'A'</b>             | <b>6.50</b> | <b>2.92</b> | <b>4.35</b> | <b>6.08</b> | <b>8.13</b> | <b>10.49</b> |
| <b>B.</b> | <b>APPLICATION OF FUNDS</b>  |             |             |             |             |             |              |
| 1.        | CAPITAL EXPENDITURE          | 0.00        |             |             |             |             |              |
| 2.        | WORKING CAPITAL              | 6.50        |             |             |             |             |              |
| 3.        | INTEREST                     | 0.00        | 0.70        | 0.56        | 0.42        | 0.28        | 0.14         |
| 4.        | INSTALLMENT                  | 0.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00         |
|           | <b>TOTAL 'B'</b>             | <b>6.50</b> | <b>1.70</b> | <b>1.56</b> | <b>1.42</b> | <b>1.28</b> | <b>1.14</b>  |
| <b>C.</b> | <b>CLOSING BALANCE (A.B)</b> | <b>0.00</b> | <b>1.22</b> | <b>2.79</b> | <b>4.56</b> | <b>6.85</b> | <b>9.35</b>  |

# PROJECTED BALANCE SHEET (RS. LKS)

| Sl. No.           | DESCRIPTIONS    | DATA  | I YR | II YR | III YR | IV YR | V YR |
|-------------------|-----------------|-------|------|-------|--------|-------|------|
| <b>LIABILITES</b> |                 |       |      |       |        |       |      |
| A.                | PROPRIETOR      | 1.50  | 1.50 | 2.34  | 3.23   | 4.14  | 5.15 |
| 1.                | CAPITAL A/C     | 5.00  | 4.00 | 3.00  | 2.00   | 1.00  | 0.00 |
| 2.                | LOAN            | 00.00 | 2.00 | 2.31  | 2.58   | 2.87  | 3.15 |
| 3.                | NET PROFIT      | 6.50  | 7.50 | 7.65  | 7.81   | 8.01  | 8.30 |
| <b>TOTAL 'A'</b>  |                 |       |      |       |        |       |      |
| <b>ASSETS</b>     |                 |       |      |       |        |       |      |
| B.                | CIVIL WORKS     | 0.00  | 0.00 | 0.00  | 0.00   | 0.00  | 0.00 |
| 1.                | EQUIPMENTS      | 0.00  | 0.00 | 0.00  | 0.00   | 0.00  | 0.00 |
| 2.                | WORKING CAPITAL | 6.50  | 6.50 | 6.50  | 6.50   | 6.50  | 6.50 |
| 3.                | CLOSING STOCK   | 0.00  | 0.00 | 0.00  | 0.00   | 0.00  | 0.00 |
| 4.                | CASH IN HAND    | 0.00  | 0.25 | 0.25  | 0.31   | 0.41  | 0.50 |
| 6.                | CASH AT BANK    | 0.00  | 0.25 | 0.30  | 0.35   | 0.40  | 0.50 |
| 7.                | SUNDRY DEBTORS  | 0.00  | 0.50 | 0.60  | 0.65   | 0.70  | 0.80 |
| <b>TOTAL</b>      |                 | 6.50  | 7.50 | 7.65  | 7.81   | 8.01  | 8.30 |

