

UP MSME 1-Connect

PROJECT REPORT

PROJECT: LEATHER SHOES

PROJECT REPORT

Of

LEATHER SHOES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Leather Shoes**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
Pin: xxxxxxxx State: xxxxxxxxxx
Mobile xxxxxxxx
- 5 Product and By Product : **LEATHER SHOES**
- 6 Name of the project / business activity proposed : **LEATHER SHOES MANUFACTURING UNIT**
- 7 Cost of Project : Rs.23.15 Lakhs
- 8 Means of Finance
Term Loan Rs.15.84 Lakhs
Own Capital Rs.2.32 Lakhs
Working Capital Rs.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.41
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 36%
- 13 Employment : 14 Persons
- 14 Power Requirement : 10 KW
- 15 Major Raw materials : Chrome tanned cow softy upper leather, PU Sole, Rubber Solution etc
- Estimated Annual Sales Turnover (Max Utilized Capacity) : 127.38 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

| Particulars | Amount |
|---------------------------|--------------|
| Land | Own/Rented |
| Building /Shed 2000 Sq ft | Own/Rented |
| Plant & Machinery | 15.60 |
| Furniture & Fixtures | 2.00 |
| Working Capital | 5.55 |
| Total | 23.15 |

MEANS OF FINANCE

| Particulars | Amount |
|------------------|--------------|
| Own Contribution | 2.32 |
| Term Loan | 15.84 |
| Working Capital | 5.00 |
| Total | 23.15 |

PROJECT REPORT

‘LEATHER SHOE MANUFACTURING UNIT’



EXECUTIVE SUMMARY

This pre-feasibility study is for setting up of a semi-mechanized shoe manufacturing unit . Footwear manufacturing is a process of manufacturing shoes according to the market need in respect to design and size, trends etc.

Shoe manufacturing industry can be broadly categorized into two main segments i.e. organized and unorganized sector. The organized sector comprises of fully mechanized shoe manufacturing units. These mainly include like Bata and other big Indian players like Khadim, Flex, Metro, Sree leathers ,Liberty shoes, Mochi ,Lee Cooper , Red Tape, Hush puppies,Woodlands etc The unorganized sector comprises of labour intensive units having semi-mechanized manufacturing facilities, with relatively modest capital investments, as compared to fully mechanized plants.

The total project cost for setting up this workshop is estimated at Rs42.00 The project is financed through 75% debt and rest via equity and internal accrual. The legal business status of this project is proposed as ‘Sole Proprietorship’.

The unit is proposed to operate 8 hours every day and 25 days in a month. The proposed maximum capacity of the unit is 200 pairs per day. During the first year 60% capacity is assumed, which increases at a rate of 10% each

OPPORTUNITY RATIONALE

India is the second most populated country in the world with nearly a fifth of the world's population. India is projected to be the world's most populous country by 2024 surpassing the population of China. It is expected to become the first political entity in history to be home to more than 1.5 billion people by 2030, and its population is set to reach 1.7 billion by 2050. Its population growth rate is 1.13%, ranking 112th in the world in 2017. Shoes are a basic necessity of every individual and India has a relatively high population growth rate. This provides an opportunity for the investor to set up a shoes manufacturing unit to meet the demands of this growing sector and earn substantial profits. Footwear is mostly manufactured in India in cottage and SSI Sector. Till recently only a few large scale units were engaged in the manufacturing of footwear. Leather Shoes are used by all generation for their everyday use. This footwear is to the latest trend in the fashion world and at the same time being rugged enough to bear the wear and tear during the rough use.

PROJECT BRIEF

This document provides details for setting up shoes manufacturing unit. The unit will have the capacity to produce approximately 100 pairs of shoes per day on single shift basis. For achieving quality and consistency in the production, some second hand machinery of imported will be used. This machinery will be acquired locally.

Proposed Business Legal Status

The business legal status of the proposed project can either be sole proprietorship or partnership. Additionally, it can also be registered under the Companies Act, 2013. The selection depends upon the choice of the Entrepreneur. This Pre-feasibility assumes the legal status to be Sole Proprietorship.

Proposed Capacity

The proposed project is capable to produce an average of 100 pairs of shoes per day. Considering the market demand and India's population growth trends, initially the project would easily be able to produce and sell the quantity, which is required for the project to be economically viable.

Target Customer

The target customer for the proposed project would be 14 years of age and above.

Proposed Location

Most of the shoe manufacturing units are established in cities; like Agra Kanpur, Chennai, Kolahpur, Kolkata etc where there is a tradition of this trade and source of Raw material and labour is also easily accessible in these cities.

KEY SUCCESS FACTORS

The key to success of this project is in manufacturing good quality shoes. Quality standards should be followed strictly. Strong presence in the domestic market. Traders/Wholesalers are already present in the local Market. Tools & equipments locally available at low price. Raw materials are available in sufficient quantity. Availability of other inputs like Adhesives, chemicals, last, punch, mould, grinders and packing materials (boxes) etc. Vast pool of skilled labour. Stable business environment till today and growing day by day.

INDUSTRY ANALYSIS

The Indian footwear industry holds a crucial place in the Indian economy for its potential for employment, especially for the economically weaker sections, and for supporting the economy through foreign exchange earnings. As per Bata India FY17 Annual report, India is the second largest footwear producer in the world, with footwear production accounting for approximately 9% of the global annual production of ~22 bn pairs, as compared to China, which produces over 60% of the global production. India annually produces ~2.2 bn pairs of footwears of which 90% is consumed internally while remaining are exported primarily to European countries. On consumption, India's annual footwear consumption stands at ~2.1 bn pairs and it is the third largest globally after China and the USA and has recorded a healthy growth over the last decade, driven by the rise in income levels, growing fashion consciousness and increasing discretionary spending. The growth in Indian fashion and lifestyle market has given momentum to the footwear industry. From a basic need-based industry, footwear industry in India has become an evolving fashion and style category.

MARKET POTENTIAL

The demand for the leather shoe is increasing rapidly. The youth being very much fashion conscious they are ready to pay exorbitant price for such shoes which are made at faraway places like Agra, Delhi and Mumbai etc. Though there are many registered footwear and leather goods industries very few are manufacturing leather Shoes. There is no dearth of skilled manpower as many of the youth have undergone training in reputed like CFTIS in footwear manufacture. If manufactured locally these shoes

can be sold at a comparatively lower price and will not only be able to cater to the needs of the state but also supply such shoes in the markets of neighbouring states. Moreover there is a good scope for exports of such shoes.

PRODUCTION PROCESS

Production Process Flow

A variety of materials are used for making shoes- leather fabrics, plastic, rubber, fabrics, wood, and metal. However, with the development of modern machines, a pair of shoes can be made in very less time as each step in its manufacturing is generally performed by different machines.

Parts of Footwear

Sole: The exterior bottom part of a shoe is the sole.

Insole: The interior bottom of a shoe, which sits directly beneath the foot, is its insole. They are removable and replaceable too. In some of the shoes, extra insoles are often added for foot comfort, foot or joint pain relief and for other reasons, such as to control the shape, moisture, or smell of the shoe.

Outsole: It is that layer of the shoe that is in direct contact with the ground. These can be made of various materials like leather, natural or synthetic rubber etc. Often the heel of the sole is made from rubber for durability and traction and the front is made of leather for style.

Heel: The rear part at the bottom of a shoe is the heel. It supports the heels of the feet. Heels of a shoe are often made from the same material as the sole of the shoe. It can be high for fashion purpose or for making a person look taller. They are also flat for comfort and practical use.

Upper: The upper part of a shoe that helps in holding the shoe onto the foot is the vamp or simply called the upper. This part is often embellished or given different styles to make shoes attractive.

Shoe making process

A footwear unit has mainly four departments in which a progressive route is followed for producing finished shoes. These departments are: Clicking or Cutting Department, Closing or Machining Department, Lasting & Making Department and Finishing Department. Following is the process of footwear manufacturing.

Product Development: Product development is the process of designing new styles of shoes or existing ones and then specifying the materials and components, detailing the materials and the processes that are to be followed in order so that the styles of shoes can be produced in bulk.

Designing and Pattern Cutting: According to the samples of shoes, design or requirement of the customer the model last is selected by the shoe designers then patterns are developed and sample shoe is manufactured in under the supervision of the shoe designer by the craftsmen/artisan. When the samples are approved the patterns are graded by hand or machines in required sizes and handed over to the production division for manufacturing the shoes. The designers also specify the materials required for making the shoes.

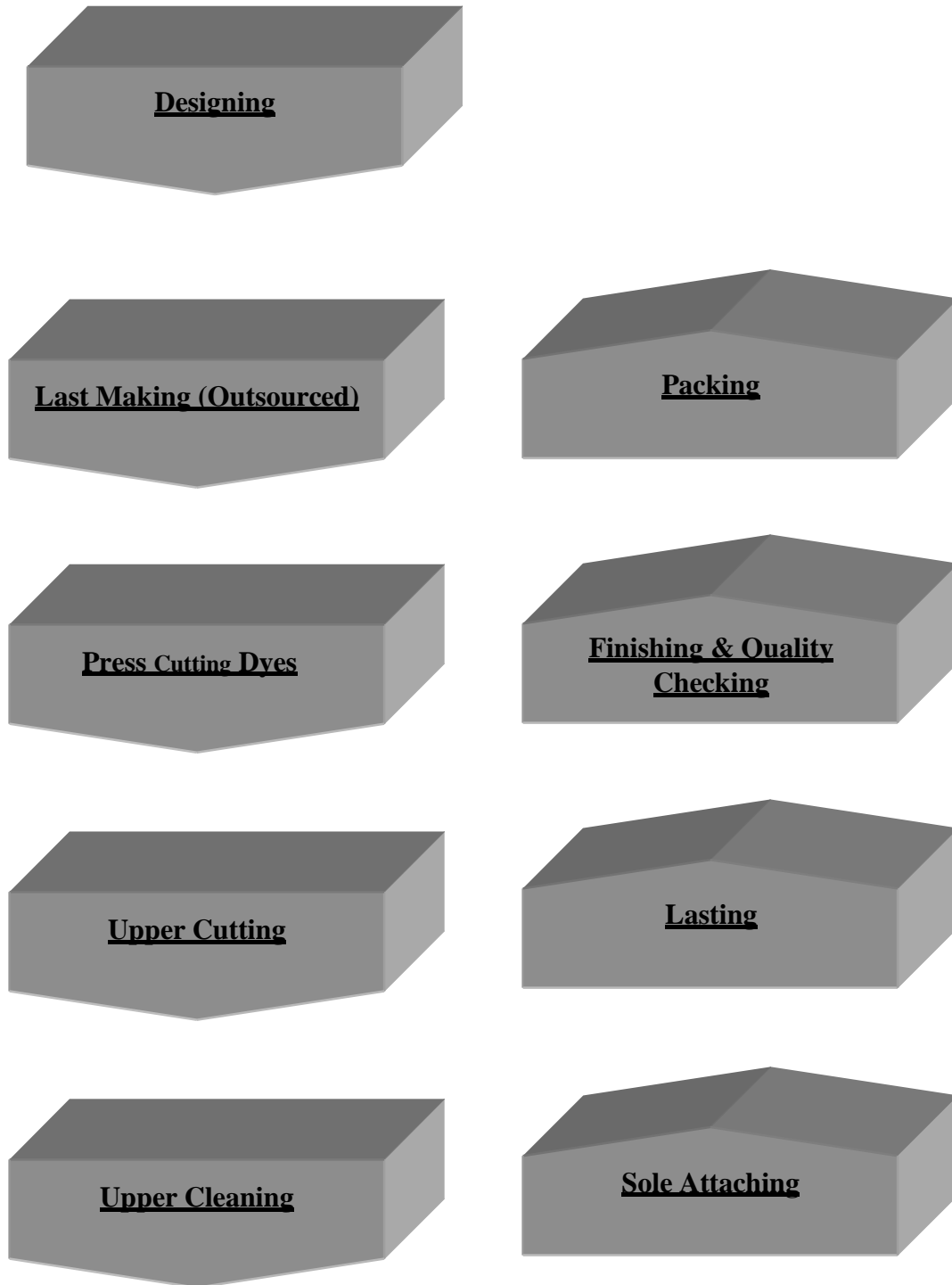
Clicking/ Components Division: The components are clicked by hand or machine by the clicker then checked and marked by hand or by stamping machine. The upper and lining components are skived according to the manufacturing process.

Closing or Machining: The component pieces are sewn together by skilled machinists so as to produce the completed upper. The work is divided in stages. In early stages, the pieces are sewn together on the flat machine. In the later stages, when the upper is no longer flat and has become three-dimensional, the machine called post machine is used. The sewing surface of the machine is elevated on a position to enable the operative to sew the three dimensional upper. Various edge treatments are also done for giving an attractive look to the finished upper. At this stage only, the eyelets are also inserted in order to accommodate the laces in the finished shoes.

Lasting, Making and Finishing: The completed uppers are moulded into a shape of foot with the help of a "Last". Last simulates the foot shape. It is later removed from the finished shoe to be used further in making other shoes. Soles can also be pre-moulded as a separate component out of various synthetic materials and again glued to the lasted upper to complete the shoe.

Packing: The shoe lift is inserted in the shoes to maintain the shape of the finished shoes. After this operation the finished shoes are kept in the boxes.

Process Flow for shoe manufacturing



PROJECTED BALANCE SHEET

| PARTICULARS | I | II | III | IV | V |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>SOURCES OF FUND</u> | | | | | |
| Capital Account | | | | | |
| Opening Balance | - | 2.75 | 5.14 | 8.38 | 11.11 |
| Add: Additions | 2.32 | - | - | - | - |
| Add: Net Profit | 1.44 | 4.39 | 7.24 | 10.23 | 12.34 |
| Less: Drawings | 1.00 | 2.00 | 4.00 | 7.50 | 9.00 |
| Closing Balance | 2.75 | 5.14 | 8.38 | 11.11 | 14.46 |
| CC Limit | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Term Loan | 14.08 | 10.56 | 7.04 | 3.52 | - |
| Sundry Creditors | <u>0.97</u> | <u>1.12</u> | <u>1.28</u> | <u>1.45</u> | <u>1.64</u> |
| TOTAL : | <u>22.79</u> | <u>21.81</u> | <u>21.70</u> | <u>21.08</u> | <u>21.10</u> |
| <u>APPLICATION OF FUND</u> | | | | | |
| Fixed Assets (Gross) | 17.60 | 17.60 | 17.60 | 17.60 | 17.60 |
| Gross Dep. | <u>2.54</u> | <u>4.71</u> | <u>6.56</u> | <u>8.14</u> | <u>9.50</u> |
| Net Fixed Assets | 15.06 | 12.89 | 11.04 | 9.46 | 8.10 |
| Current Assets | | | | | |
| Sundry Debtors | 2.42 | 2.88 | 3.30 | 3.75 | 4.25 |
| Stock in Hand | 4.23 | 4.77 | 5.42 | 6.12 | 6.89 |
| Cash and Bank | 1.08 | 1.27 | 1.94 | 1.75 | 1.86 |
| TOTAL : | <u>22.79</u> | <u>21.81</u> | <u>21.70</u> | <u>21.08</u> | <u>21.10</u> |

- - - - -

PROJECTED PROFITABILITY STATEMENT

| PARTICULARS | I | II | III | IV | V |
|---------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| A) SALES | | | | | |
| Gross Sale | 72.50 | 86.36 | 98.90 | 112.62 | 127.38 |
| Total (A) | <u>72.50</u> | <u>86.36</u> | <u>98.90</u> | <u>112.62</u> | <u>127.38</u> |
| B) COST OF SALES | | | | | |
| Raw Mateiral Consumed | 41.40 | 47.82 | 54.77 | 62.30 | 70.46 |
| Electricity Expenses | 1.35 | 1.48 | 1.62 | 1.75 | 1.89 |
| Repair & Maintenance | 0.36 | 0.43 | 0.49 | 0.56 | 0.64 |
| Labour & Wages | 13.66 | 15.03 | 16.53 | 18.18 | 20.00 |
| Depreciation | 2.54 | 2.17 | 1.85 | 1.58 | 1.35 |
| Other Direct Expenses | 1.45 | 1.73 | 1.98 | 2.25 | 2.55 |
| Cost of Production | <u>60.76</u> | <u>68.66</u> | <u>77.25</u> | <u>86.64</u> | <u>96.88</u> |
| Add: Opening Stock /WIP | - | 2.03 | 2.22 | 2.50 | 2.80 |
| Less: Closing Stock /WIP | 2.03 | 2.22 | 2.50 | 2.80 | 3.13 |
| Cost of Sales (B) | 58.74 | 68.46 | 76.97 | 86.33 | 96.55 |
| C) GROSS PROFIT (A-B) | 13.76 | 17.90 | 21.93 | 26.28 | 30.82 |
| | 18.98% | 20.73% | 22.18% | 23.34% | 24.20% |
| D) Bank Interest (Term Loan) | 1.72 | 1.40 | 1.02 | 0.63 | 0.24 |
| ii) Interest On Working Capital | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 |
| E) Salary to Staff | 4.62 | 5.08 | 5.59 | 6.15 | 6.76 |
| F) Selling & Adm Expenses Exp. | 5.44 | 6.48 | 7.42 | 8.45 | 9.55 |
| TOTAL (D+E) | <u>12.33</u> | <u>13.51</u> | <u>14.57</u> | <u>15.77</u> | <u>17.11</u> |
| H) NET PROFIT | 1.44 | 4.39 | 7.36 | 10.51 | 13.72 |
| | 2.0% | 5.1% | 7.4% | 9.3% | 10.8% |
| I) Taxation | - | - | 0.12 | 0.28 | 1.37 |
| J) PROFIT (After Tax) | 1.44 | 4.39 | 7.24 | 10.23 | 12.34 |

PROJECTED CASH FLOW STATEMENT

| PARTICULARS | I | II | III | IV | V |
|-----------------------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| <u>SOURCES OF FUND</u> | | | | | |
| Own Contribution | 2.32 | - | | | |
| Net Profit | 1.44 | 4.39 | 7.36 | 10.51 | 13.72 |
| Depreciation & Exp. W/off | 2.54 | 2.17 | 1.85 | 1.58 | 1.35 |
| Increase In Cash Credit | 5.00 | | | | |
| Increase In Term Loan | 15.84 | - | - | - | - |
| Increase in Creditors | <u>0.97</u> | <u>0.15</u> | <u>0.16</u> | <u>0.18</u> | <u>0.19</u> |
| TOTAL : | <u>28.09</u> | <u>6.71</u> | <u>9.37</u> | <u>12.27</u> | <u>15.26</u> |
| <u>APPLICATION OF FUND</u> | | | | | |
| Increase in Fixed Assets | 17.60 | - | - | - | - |
| Increase in Stock | 4.23 | 0.54 | 0.65 | 0.70 | 0.77 |
| Increase in Debtors | 2.42 | 0.46 | 0.42 | 0.46 | 0.49 |
| Repayment of Term Loan | 1.76 | 3.52 | 3.52 | 3.52 | 3.52 |
| Taxation | - | - | 0.12 | 0.28 | 1.37 |
| Drawings | <u>1.00</u> | <u>2.00</u> | <u>4.00</u> | <u>7.50</u> | <u>9.00</u> |
| TOTAL : | <u>27.01</u> | <u>6.52</u> | <u>8.70</u> | <u>12.46</u> | <u>15.15</u> |
| Opening Cash & Bank Balance | - | 1.08 | 1.27 | 1.94 | 1.75 |
| Add : Surplus | 1.08 | 0.19 | 0.67 | - 0.19 | 0.11 |
| Closing Cash & Bank Balance | <u>1.08</u> | <u>1.27</u> | <u>1.94</u> | <u>1.75</u> | <u>1.86</u> |

COMPUTATION OF LEATHER SHOES MANUFACTURING UNIT

Items to be Manufactured LEATHER SHOES

| | | | |
|--------------------------------|--|-------------|----------------------------------------|
| | | | |
| Manufacturing Capacity per Day | | 100.00 | Shoe Pairs |
| No. of Working Hour | | 8 | |
| | | | |
| No of Working Days per month | | 25 | |
| | | | |
| No. of Working Day per annum | | 300 | |
| | | | |
| Total Production per Annum | | 30,000 | Shoe Pairs |
| | | | |
| Year | | Capacity | LEATHER SHOES MANUFACTURING UNIT |
| | | Utilisation | |
| | | | |
| I | | 50% | 15,000 |
| II | | 55% | 16,500 |
| III | | 60% | 18,000 |
| IV | | 65% | 19,500 |
| V | | 70% | 21,000 |
| | | | |

COMPUTATION OF RAW MATERIAL

| Item Name | | Quantity of Raw Material | Unit | Unit Rate of | Total CostPer Annum (100%) |
|-----------------------|--|-----------------------------|-----------|--------------|-------------------------------|
| Raw Material Consumed | | 30,000.00 | qty pairs | 276.00 | 8,280,000.00 |
| Total | | | | | 8,280,000.00 |

Total Raw material in Rs lacs at 100% Capacity 82.80

Average Cost per kg (In Rs) 276.00

| Raw Material Consumed | Capacity Utilisation | Rate | Amount (Rs.) |
|-----------------------|-------------------------|--------|--------------|
| I | 50% | 276.00 | 41.40 |
| II | 55% | 289.80 | 47.82 |
| III | 60% | 304.30 | 54.77 |
| IV | 65% | 319.50 | 62.30 |
| V | 70% | 335.50 | 70.46 |

COMPUTATION OF SALE

| Particulars | I | II | III | IV | V |
|-------------------------------|--------------|--------------|--------------|---------------|---------------|
| | | | | | |
| | | | | | |
| Op Stock | - | 500.00 | 550.00 | 600.00 | 650.00 |
| | | | | | |
| Production | 15,000.00 | 16,500.00 | 18,000.00 | 19,500.00 | 21,000.00 |
| | | | | | |
| | 15,000.00 | 17,000.00 | 18,550.00 | 20,100.00 | 21,650.00 |
| Less : Closing Stock(10 Days) | 500.00 | 550.00 | 600.00 | 650.00 | 700.00 |
| | | | | | |
| Net Sale | 14,500.00 | 16,450.00 | 17,950.00 | 19,450.00 | 20,950.00 |
| | | | | | |
| Avg Sale Price per shoe pairs | 500.00 | 525.00 | 551.00 | 579.00 | 608.00 |
| | | | | | |
| Sale (in Lacs) | 72.50 | 86.36 | 98.90 | 112.62 | 127.38 |
| | | | | | |
| | | | | | |
| | | | | | |

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

| PARTICULARS | I | II | III | IV | V |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | |
| | | | | | |
| <u>Finished Goods</u> | | | | | |
| (10 Days requirement) | 2.03 | 2.22 | 2.50 | 2.80 | 3.13 |
| <u>Raw Material</u> | | | | | |
| (20 Days requirement) | 2.21 | 2.55 | 2.92 | 3.32 | 3.76 |
| | | | | | |
| | | | | | |
| Closing Stock | 4.23 | 4.77 | 5.42 | 6.12 | 6.89 |

COMPUTATION OF WORKING CAPITAL REQUIREMENT

| Particulars | Amount | Margin(10%) | Net Amount |
|------------------------------------|-------------|-------------|---------------|
| Stock in Hand | 4.23 | | |
| Less: | | | |
| Sundry Creditors | 0.97 | | |
| Paid Stock | 3.27 | 0.33 | 2.94 |
| | | | |
| Sundry Debtors | 2.42 | 0.24 | 2.18 |
| Working Capital Requirement | | | 5.12 |
| | | | |
| Margin | | | 0.57 |
| | | | |
| MPBF | | | 5.12 |
| Working Capital Demand | | | 5.00 |

BREAK UP OF LABOUR

| Particulars | | Wages | No of | Total |
|------------------------------------------------|--|-----------|-----------|------------|
| | | Per Month | Employees | Salary |
| Supervisor | | 20,000.00 | 1 | 20,000.00 |
| Plant Operator | | 15,000.00 | 1 | 15,000.00 |
| Unskilled Worker | | 8,500.00 | 6 | 51,000.00 |
| Helper | | 5,000.00 | 2 | 10,000.00 |
| Security Guard | | 7,500.00 | 1 | 7,500.00 |
| | | | | |
| | | | | 103,500.00 |
| Add: 10% Fringe Benefit | | | | 10,350.00 |
| Total Labour Cost Per Month | | | | 113,850.00 |
| Total Labour Cost for the year (In Rs. Lakhs) | | | 11 | 13.66 |

BREAK UP OF SALARY

| Particulars | | Salary | No of | Total |
|-------------------------------------------|--|-----------|-----------|-----------|
| | | Per Month | Employees | Salary |
| | | | | |
| Accountant cum store keeper | | 10,000.00 | 1 | 10,000.00 |
| Administrative Staffs | | 12,500.00 | 2 | 25,000.00 |
| Total Salary Per Month | | | | 35,000.00 |
| | | | | |
| Add: 10% Fringe Benefit | | | | 3,500.00 |
| Total Salary for the month | | | | 38,500.00 |
| | | | | |
| Total Salary for the year (In Rs. Lakhs) | | | 3 | 4.62 |

COMPUTATION OF DEPRECIATION

| Description | Land | Building/shed | Plant & Machinery | Furniture | TOTAL |
|---------------------------|------------|---------------|-------------------|-----------|-------|
| | | | | | |
| Rate of Depreciation | | | 15.00% | 10.00% | |
| Opening Balance | Own/Rented | | - | - | - |
| Addition | - | | 15.60 | 2.00 | 17.60 |
| | - | | 15.60 | 2.00 | 17.60 |
| | | | | | |
| TOTAL | | - | 15.60 | 2.00 | 17.60 |
| Less : Depreciation | - | - | 2.34 | 0.20 | 2.54 |
| WDV at end of Ist year | - | - | 13.26 | 1.80 | 15.06 |
| Additions During The Year | - | - | - | - | - |
| | - | - | 13.26 | 1.80 | 15.06 |
| | | | | | |
| Less : Depreciation | - | - | 1.99 | 0.18 | 2.17 |
| WDV at end of IInd Year | - | - | 11.27 | 1.62 | 12.89 |
| Additions During The Year | - | - | - | - | - |
| | - | - | 11.27 | 1.62 | 12.89 |
| Less : Depreciation | - | - | 1.69 | 0.16 | 1.85 |
| WDV at end of IIIrd year | - | - | 9.58 | 1.46 | 11.04 |
| Additions During The Year | - | - | - | - | - |
| | - | - | 9.58 | 1.46 | 11.04 |
| Less : Depreciation | - | - | 1.44 | 0.15 | 1.58 |
| WDV at end of IV year | - | - | 8.14 | 1.31 | 9.46 |
| Additions During The Year | - | - | - | - | - |
| | - | - | 8.14 | 1.31 | 9.46 |
| Less : Depreciation | - | - | 1.22 | 0.13 | 1.35 |
| WDV at end of Vth year | - | - | 6.92 | 1.18 | 8.10 |

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

| Year | Particulars | Amount | Addition | Total | Interest | Repayment | CI Balance |
|------|-----------------|--------|----------|-------|----------|-----------|------------|
| I | Opening Balance | | | | | | |
| | Ist Quarter | - | 15.84 | 15.84 | 0.44 | - | 15.84 |
| | IInd Quarter | 15.84 | - | 15.84 | 0.44 | - | 15.84 |
| | IIIrd Quarter | 15.84 | - | 15.84 | 0.44 | 0.88 | 14.96 |
| | Ivth Quarter | 14.96 | - | 14.96 | 0.41 | 0.88 | 14.08 |
| | | | | | 1.72 | 1.76 | |
| II | Opening Balance | | | | | | |
| | Ist Quarter | 14.08 | - | 14.08 | 0.39 | 0.88 | 13.20 |
| | IInd Quarter | 13.20 | - | 13.20 | 0.36 | 0.88 | 12.32 |
| | IIIrd Quarter | 12.32 | - | 12.32 | 0.34 | 0.88 | 11.44 |
| | Ivth Quarter | 11.44 | | 11.44 | 0.31 | 0.88 | 10.56 |
| | | | | | 1.40 | 3.52 | |
| III | Opening Balance | | | | | | |
| | Ist Quarter | 10.56 | - | 10.56 | 0.29 | 0.88 | 9.68 |
| | IInd Quarter | 9.68 | - | 9.68 | 0.27 | 0.88 | 8.80 |
| | IIIrd Quarter | 8.80 | - | 8.80 | 0.24 | 0.88 | 7.92 |
| | Ivth Quarter | 7.92 | | 7.92 | 0.22 | 0.88 | 7.04 |
| | | | | | 1.02 | 3.52 | |
| IV | Opening Balance | | | | | | |
| | Ist Quarter | 7.04 | - | 7.04 | 0.19 | 0.88 | 6.16 |
| | IInd Quarter | 6.16 | - | 6.16 | 0.17 | 0.88 | 5.28 |
| | IIIrd Quarter | 5.28 | - | 5.28 | 0.15 | 0.88 | 4.40 |
| | Ivth Quarter | 4.40 | | 4.40 | 0.12 | 0.88 | 3.52 |
| | | | | | 0.63 | 3.52 | |
| V | Opening Balance | | | | | | |
| | Ist Quarter | 3.52 | - | 3.52 | 0.10 | 0.88 | 2.64 |
| | IInd Quarter | 2.64 | - | 2.64 | 0.07 | 0.88 | 1.76 |
| | IIIrd Quarter | 1.76 | - | 1.76 | 0.05 | 0.88 | 0.88 |
| | Ivth Quarter | 0.88 | | 0.88 | 0.02 | 0.88 | - 0.00 |
| | | | | | | | |
| | | | | | 0.24 | 3.52 | |

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

CALCULATION OF D.S.C.R

| PARTICULARS | I | II | III | IV | V |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | |
| | | | | | |
| | | | | | |
| <u>CASH ACCRUALS</u> | 3.98 | 6.56 | 9.09 | 11.81 | 13.70 |
| | | | | | |
| Interest on Term Loan | 1.72 | 1.40 | 1.02 | 0.63 | 0.24 |
| | | | | | |
| Total | 5.70 | 7.96 | 10.11 | 12.44 | 13.94 |
| | | | | | |
| <u>REPAYMENT</u> | | | | | |
| Repayment of Term Loan | 1.76 | 3.52 | 3.52 | 3.52 | 3.52 |
| | | | | | |
| Interest on Term Loan | 1.72 | 1.40 | 1.02 | 0.63 | 0.24 |
| | | | | | |
| Total | 3.48 | 4.92 | 4.54 | 4.15 | 3.76 |
| | | | | | |
| DEBT SERVICE COVERAGE RATIO | 1.64 | 1.62 | 2.23 | 3.00 | 3.70 |
| | | | | | |
| AVERAGE D.S.C.R. | | | 2.41 | | |

COMPUTATION OF ELECTRICITY**(A) POWER CONNECTION**

| | | | |
|------------------------------------|-----------------|-------------|------------------|
| | | | |
| Total Working Hour per day | Hours | 8 | |
| Electric Load Required | KW | 10 | |
| Load Factor | | | |
| Electricity Charges | per unit | 7.50 | |
| Total Working Days | | 300 | |
| Electricity Charges | | | 1.80 |
| Add : Minimim Charges (@ 10%) | | | |
| | | | |
| | | | |
| (B) DG set | | | |
| No. of Working Days | | 300 | days |
| No of Working Hours | | 0.5 | Hour per day |
| Total no. of Hour | | 150 | |
| Diesel Consumption per Hour | | 8 | |
| Total Consumption of Diesel | | 1,200 | |
| Cost of Diesel | | 65.00 | Rs. /Ltr |
| Total cost of Diesel | | 0.78 | |
| Add : Lube Cost @15% | | 0.12 | |
| Total | | 0.90 | |
| | | | |
| Total cost of Power & Fuel at 100% | | | 2.70 |
| | | | |
| Year | Capacity | | Amount |
| | | | (in Lacs) |
| | | | |
| I | 50% | | 1.35 |
| II | 55% | | 1.48 |
| III | 60% | | 1.62 |
| IV | 65% | | 1.75 |
| V | 70% | | 1.89 |

DISCLAIMER

The views expressed in this Project Report are advisory in nature. UP MSME assume no financial liability to anyone using the content for any purpose. All the materials and content contained in Project report is for educational purpose and reflect the views of the industry which are drawn from various research material sources from internet, experts, suppliers and various other sources. The actual cost of the project or industry will have to be taken on case to case basis considering specific requirement of the project, capacity and type of plant and other specific factors/cost directly related to the implementation of project. It is intended for general guidance only and must not be considered a substitute for a competent legal advice provided by a licensed industry professional. UP MSME hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content, which is provided as is, and without warranties.