

## Model Detailed Project Report

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*Prepared by*

Govt. of India

Ministry of MSME

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## 1. Project at a Glance

- |    |  |  |
|----|--|--|
| 1  | Name of the Enterprise                               | :  |
| 2  | Status (Whether Micro/Small/Medium Enterprise)       | :  |
| 3  | Constitution   | :  |
| 4  | Date of Establishment/ Introduction                  | :  |
| 5  | Factory Location                                     | :  |
| 6  | Registered Office/ Postal Address with Phone Numbers | :  |
| 7  | Promoter's Name                                      | :  |
| 8  | Product (S)  | :  |
| 9  | New Project/Modernization/Expansion/Diversification? | :  |
| 10 | Proposed Installed Capacity                          | :  |
| 11 | Proposed Capacity Utilization                        | :  |
| 12 | Total Project Cost                                   | :  |
| 13 | Capital Composition                                  | : Term Loan<br>Subsidy<br>Promoter's Capital                 |
| 14 | Technical Knowhow                                    | : Indigenous/.....   |
| 15 | Major Raw Materials                                  | :  |
| 16 | Employment   | : ..... Persons  |
| 17 | Basis of Assumption                                  | : ..... Shifts per Day of.....<br>Hours, ..... Days per Year |
| 18 | Debt Equity Ratio                                    | :  |
| 19 | Working Capital                                      | :  |
| 20 | Promoter's Contribution to Total Project cost        | : ..... Per Cent   |
| 21 | Percentage of own funds block                        | : ..... Per Cent   |
| 22 | D.S.C.R  | :  |
| 23 | Break-Even-Level                                     | :  |
| 24 | Pay Back Period                                      | :  |

## 2. Bio-data of Promoter(s)

- 1 Name :
- 2 Father's Name :
- 3 Date of Birth :
- 4 Age :
- 5 Academic Qualification :
- 6 Residential Address :
  
- 7 Business Address :
  
- 8 Other Associate Concerns :
- 9 Telephone Numbers :
- 10 Bank Account Details :
  
- 11 Aadhaar No / Identity Details :
- 12 Pan card Number :
- 13 Experience & Background :

### 3. Market Survey

- 1 End use of the Product and type of concerns which use the product:
- 2 Present demand of the product:
- 3 No. of units already working in the State/ District/ Taluk/ Block level:
- 4 Expected increase in demand vis-à-vis expected increase in production:
- 5 Difference between the expected demand and supply:
- 6 Expected production from the Proposed unit:
- 7 Potential market on the product:
- 8 Market availability of sales:

(Collect other information on demand and supply of the proposed items from various publications)

#### 4. Location & Site Selection

- 1 Location of the Factory:
- 2 Water, Power & Other utilities / services available?
- 3 Distance from the Raw Material Market:
- 4 Skilled Labour available in the proposed area?
- 5 Distance from sales Market for finished goods and nearest railways:
- 6 Incentives, if any, available from Government at that site: (Subsidy, Tax relief etc.)
- 7 Location advantage:
- 8 Other plans profit:

## **5. Basic & Presumption**

- 1 Work how details:
- 2 Time period for achieving the full envisage capacity utilization:
- 3 Labour & wages:
- 4 Operative period of project:
- 5 Margin money (Profit %):
- 6 Interest on fixed & working Capital:
- 7 Land & building:
- 8 Pay scale period of Loan:
- 9 Pollution control requirement:

## **6. Manufacturing Process**

(Obtain details of production process starting from procurement of raw material and also write down method, diagram as well as process flow chart.)



## **7. Technological Aspects**

- 1 Process Chosen:
- 2 Alternative processes:
- 3 Reasons for adopting the proposed process ( Suitability proposed technology):
- 4 The sources from which the knowhow is to be / have been procured:
- 5 Will there be any byproduct? ( If yes, the manner of its disposal)

## **8. Quality Control**

### **Quality standards / Speculation as per international standards / BIS (ISI)**

- 1 Whether BIS Standards are prescribed for the product?
- 2 If so, the IS Specification for the same:
- 3 Is the unit interested in getting ISI Mark / ISO Certification?

## 9. Land & Building

- 1 Have you obtained estimate from qualified Civil Engineer for building?
  
- 2 Land:
  - (i) Place
  - (ii) Area
  - (iii) Rate per Sq. Ft/Meter
  - (iv) Value
  - (v) Other Expenses i.e. Registration Fee etc.
  - (vi) Estimated cost of land of land development
  - (vii) Sub total Cost
  
- 3 Locational Advantages.
  
- 4 Building cost (Own / Rented)
  - (a) Factory layout
  - (b) Shed building cost
  - (c) Office building cost
  - (d) Other consumption cost
  - (e) Rented cost
  - Sub total cost
  
5. Total cost : (Land +Building)

## 10. Plant & Machinery

- 1 Obtain addresses of Machinery Suppliers or Fabricators.
- 2 Obtain quotation from the Machinery Suppliers along with leaflets for machinery specifications.
- 3 List the items of Machinery chosen along with the name of the supplier (Out of the available quotations)
- 4 Add the following amount – Packing and forwarding, Taxes, Cost of Erection & Installation
- 5 Spares, machine tools, equipments to be purchased along with the machinery (Description & Value)
- 6 Electrification costs also to be added.
- 7 Plant & Machinery layout to be done.

### Plant & Machinery Requirement

Sl. No.	Machinery / Item Name	Quantity	Rate	Amount
1				
2				
3				
4				
5				
6				
7				

**Note:** Add price escalation, taxes duties, freight, insurance, erection & contingencies

**11. Other Miscellaneous fixed Assets**

Sl. No.	Description of Items	Amount (Rs)
1	Furniture & Office Equipments	
2	Tools	
3	Laboratory & Testing Equipments	
4	Fire Fighting Equipments	
5	Other (Specify)	
<b>Total Cost</b>		

## 12. Preliminary & Preoperative Expenses

Sl. No.	Description of Item	Amount (Rs)
1	Company Formation, Registration Expenses	
2	Rent of the premises, Telephones Bills, Electricity Bills etc.	
3	Project Report / Feasibility Studies charges	
4	Mortgage, stamp Duty and Legal Expenses	
5	Salaries, Travelling and office Expenses	
6	Start up and Commission Expenses	
7	Interest and Commitment Charges on Term Loans	
8	Other Miscellaneous Expenses	
Total		

### 13. Capacity Utilization

(a)	Capacity Utilization
-----	----------------------

Year	I	II	III

(b)	Installed Capacity (based on ..... shifts ..... Working days)
-----	---

(c)	Product Mix
-----	-------------

Sl. No.	Products	
1		
2		
3		
4		
5		

### 14. Raw Material Requirements

Sl. No.	Raw Material Description	Rate (Rs)	Quantity	Value (Rs)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

**Note:** Obtain quotations from the suppliers of raw material



### 15. Consumable & Spares

1	List the Consumable required
2	Where from consumables and spares will be obtained? (Sources of Supply)

Description		At 100% Capacity Utilization	Year		
			1st	2nd	3rd
<b>(A) Consumption</b>					
<b>I Consumables</b>					
(i)	Lubricant				
(ii)	Cotton Waste				
(iii)	Others (Specify)				
Sub Total (I)					
<b>II Spare Parts</b>					
(i)					
(ii)					
(iii)					
Sub Total (II)					
<b>Total = (I+II)</b>					

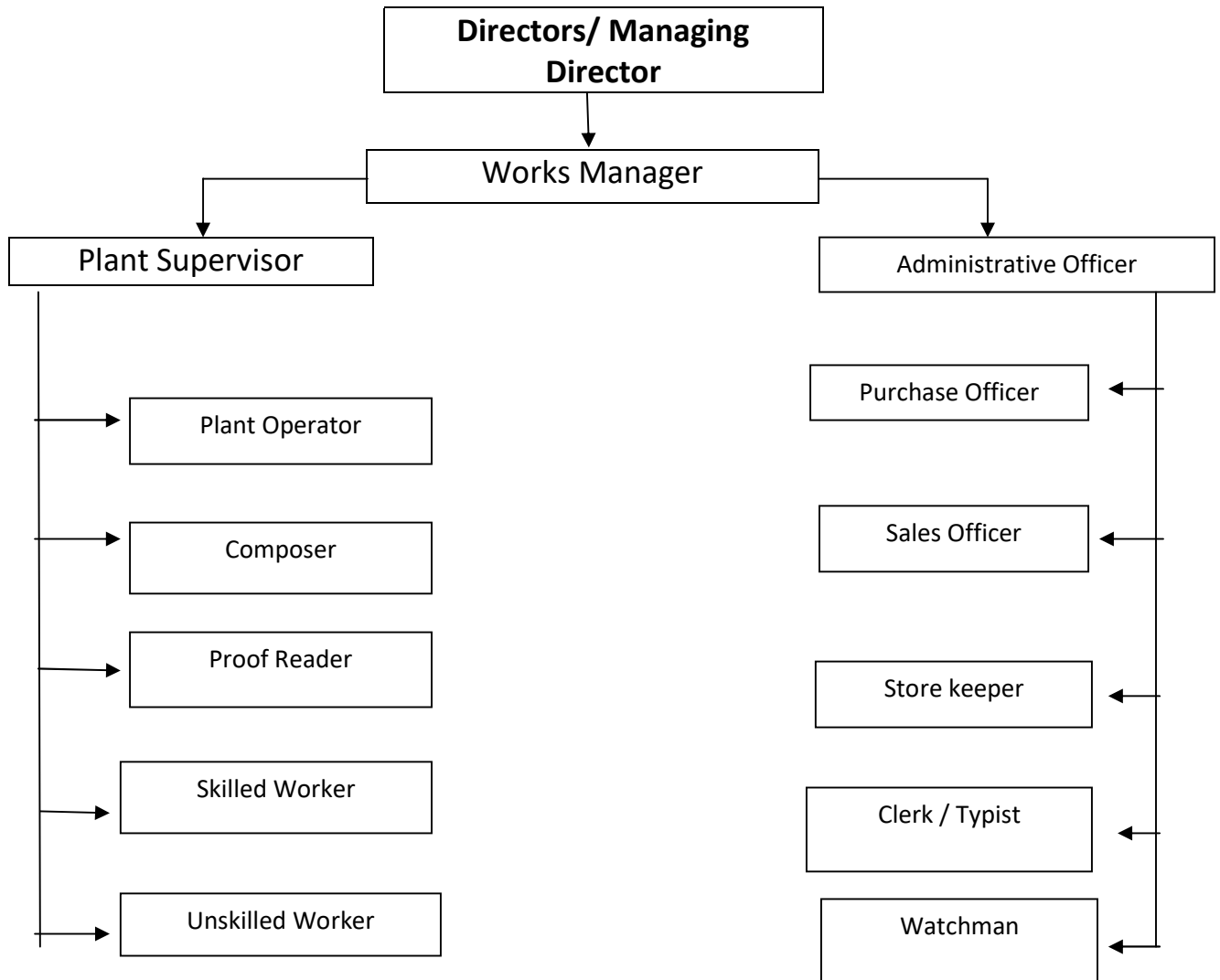
#### B Stock Requirements

(a)	Consumable (..... Months)	
(b)	Spare Parts (..... Months)	
<b>Total</b>		

### 16. Man Power Requirements

<b>A Administration staff</b>				
Sl.No.	Designation	Nos.	Monthly Remuneration (RS)	Total Amount (Annual)
1	Works Manager			
2	Purchase Officer			
3	Sales Officer			
4	Administrative Officer cum Accountant			
5	Clerk cum Computer Operator			
6	Store Keeper			
7	Watchman			
8	Purchase Officer			
<b>B Production Staff</b>				
Sl.No.	Designation	Nos.	Monthly Remuneration (RS)	Total Amount (Annual)
1	Manager			
2	Plant Supervisors			
3	Plant Operator			
4	Skilled Workers			
5	Unskilled Workers			
<b>Add ..... % as perquisites</b>				
<b>Total</b>				

### 17. Organization Chart



## 18. Plant Utility Services

### A Power

1	Load required for machines	..... HP
2	Load required for lighting etc.	..... HP
3	Total connected load ( 1+ 2)	..... HP
4	Load Factor (Power Factor)	
5	Required running load required per day	..... HP
6	Total running load required per day	..... HP
7	Required running load per year	..... HP
8	Tariff per HP	
9	Annual Power Bill	
10	Monthly Power Bill	

Note: Power Formula:  $KVA \times Load\ Factor \times No\ of\ Hours \times No.\ of\ Days \times Cost\ per\ Unit \times Capacity\ Utilization.$

### B Water

- 1 Whether process required any water ? If no, water for drinking and sanitation purposes (estimate in Rs.)
- 2 Water required per day
- 3 Total no. of working days
- 4 Annual Water consumption
- 5 Annual Water bill @ Rs. .... Per 1000 litres

### C Fuel

Sl. No.	Item	Qty	Rate	Amount (Rs)
1	LPG			
2	Coal			
3	Petrol			
4	Kersene			
5	Diesel			
<b>Total</b>				

**19. Annual Sales**

(at 100 % activity level)

Sl. No.	Description of Items	Qty	Rate	Amount (Rs)
1				
2				
3				
4				
5				
<b>Total</b>				

**20. Production Plan**

Sl. No.	Product / Items	Production				
		As Per Capacity	Optimum Standard	I Year	II Year	III Year

Percentage of installed capacity ;

## 21. Selling Process

- 1 What will be the selling process? ( through agents / distributors / sales depot)
- 2 Percentage of sales that will be on credit
- 3 Period of credit

## Selling Expenses

Sl. No.	Description of Item	For Standard Production	For proposed production		
			I Year	II Year	III Year
1	Packing Materials				
2	Handling & Loading / Booking				
3	Freight				
4	Insurance				
5	Unloading & Handling at destination				
6	Rent for Sales Offices / Godowns				
7	Commission payable to Distributor / Agents				
8	Sales Promotional Expenses				
<b>Total ( 1 + 8 )</b>					
9	Establishment of Cost of Sales Depots				
<b>Grand Total</b>					

## 22. Working Capital Requirement

1	Planned production per month / year	
2	Anticipated monthly / yearly sales	
	(I) Cash	
	(II) Credit	
3	Cost of production per month / year	
	(I) Raw material	
	(II) Direct Labour & Wages	
	(III) Direct Overheads	
4	The period for which raw materials are to remain in stock	
5	The length of the manufacturing process (in hours / minutes)	
6	The period during which finished product will remain in stock for sale	
7	The period of credit allowed by suppliers	
8	The period of credit allowed to customers on credit sale	

Sl. No.	Description	Bank Finance available	Years		
			I Year	II Year	III Year
1	<b>Raw Materials</b> (a)..... For (b)..... For (c)..... For				
2	<b>Work in Progress</b> For ..... Months/ days requirements				
3	<b>Spares &amp; Consumables to be kept in Stores</b>				
4	<b>Finished Goods</b> (a)..... For..... (b)..... For..... (c)..... For.....				
5	<b>Monthly Cash Expenses</b> (a)Wages (b)..... (c).....				
6	<b>Sales on Credit for .....</b> <b>Months Turnover</b>				
7	<b>Total</b>				
8	<b>Less: Credits for inputs for .....</b> <b>Months purchases</b>				
9	<b>Net Working Capital Requirements</b>				



**Note:** The Margin Money for working capital requirement is calculated on the basis of following norms adopted by all nationalized banks generally:

1	Margin on stock of raw materials and packing materials in store	20%
2	Margin on stock of raw materials and packing materials in process	30%
3	Margin on finished goods for sales	30%
4	Margin on Account Receivables (Debtors)	20%
5	Margin on other recurring expenses	100%
6	Margin on electricity deposit	100%

All these norms may change from time to time so the entrepreneurs are advised to contact the banker for the norms fixed in this regard.

### 23. Total Cost of the Project & Means of Finance

Sl. No.	Particulars	Amounts (Rs)
<b>Cost of the Project</b>		
1	Land & Site Development	:
2	Building	:
3	Plant & Machinery	:
4	Ancillary Machinery	:
5	Electrical Installation	:
6	Miscellaneous Fixed Assets (Furniture, Office Equipment etc)	:
7	Preliminary Expenses	:
8	Pre-Production Expenses	:
9	Contingencies	:
10	Margin Money for Working Capital	:
<b>Total</b>		
<b>Means of Finance</b>		
1	Promoter's Contribution:	
2	Venture Capital:	
3	Internal Cash Accruals:	
4	Term Loan from Bank / Financial Institution:	
<b>Total</b>		

## 24. Phasing of Capital and Pre-Production Expenses

Sl. No.	Description	Years		
		I	II	III
<b>A. Preliminary Expenses</b>				
(i)	Study and Investigation			
(ii)	Survey			
(iii)	Project Report			
(iv)	Legal Expenses for Registration etc.			
(v)	Capital Issue Expense			
(vi)	Expenses on arrangement of Funds from other sources			
(vii)	Others (to be specified)			
<b>Total (A)</b>				
<b>B. Fixed Assets</b>				
(i)	Land			
(ii)	Building			
	(a) Factory including stores			
	(b) Administration work			
	(c) Residential Building			
	(d) Roads			
	(e) Boundary Wall etc.			
	(f) Tube well & Overhead Tank			
	(g) Railway siding			
<b>Sub Total (ii)</b>				
(iii)	Machinery			
	(a) Cost at Site			
	(b) Erection & Commissioning			
<b>Sub Total (iii)</b>				
<b>Total (B) =(i+ii+iii)</b>				
(iv)	Tools and Tackles			
(v)	Vehicles and Cranes			
(vi)	Others			
<b>C. Pre-Production Expenses</b>				
<b>D. Total (A+B+C)</b>				

## 25. Schedule of Implementation

Sl. No.	Description	Period in Months	Commencement	Completion
1	DPR report preparation			
2	Acquisition of Land & Site Development			
3	Civil Works			
4	Wood work & Interiors			
5	Registration & other formalities			
6	Plant & Machinery (a)Placement of Orders			
	(b)Delivery at Site			
7	Arrangement of Power			
8	Arrangement of water			
9	Procurement of Raw Material			
10	Recruitment / Training of Personnel			
11	Inauguration & Trial production			
12	Commercial Production			

## 26. Term Loan Repayment Schedule

Term Loan : Rs.

Rate of Interest : .....%

Moratorium Periods : ..... Years (or) months

Half yearly / Quarterly Installments :Rs.....Each

No. of Installments : .....

Sl. No.	Description	Years				
		I	II	III	IV	v
1	Amount outstanding at the beginning of the first half					
2	Interest @ .....(for half year)					
3	<b>Total</b>					
4	(-) Repayment along with interest at the end of 1 <sup>st</sup> half					
5	Amount outstanding at the beginning of the 2 <sup>nd</sup> half					
6	(+) Interest @....(for half year					
7	<b>Total</b>					
8	(-) Repayment along with interest at the end of 2nd half					
9	Amount outstanding at the end of the year					

**27. Pre-Production Expenses**

Sl. No.	Description	Years		
		I	II	II
1	Salary of Management / Supervisory & Labour			
2	Training Expenses			
3	Legal & Professionals			
4	Technical knowhow fees			
5	Conveyance / Transport			
6	Miscellaneous			
<b>Total</b>				
Interest on Loan during pre-production period				
<b>Grand Total</b>				

## 28. Debt Service Coverage Ratio (D.S.C.R)

DSCR as computed below illustrates firm's ability to pay regularly installment towards term loan along with interest due thereon at maturity dates.

Description	Years (Rs. In Lakhs)				
	1	2	3	4	5
Net Profit after Tax					
Add: Depreciation					
Add: Interest on Term Loan					
<b>(A) Total Funds Available</b>					
Interest on Term Loan					
Installment					
<b>(B) Total financial obligations to Bank / Financial Institution</b>					
<b>DSCR =(A/B)</b>					

$$\text{Average Total DSCR} = \frac{\text{Total funds available over the period}}{\text{Total financial obligations to Bank}}$$

## 29. Probable Profitability

Description		Capacity Utilization	I Year	II Year	III Year
			70%	80%	90%
<b>(A) Gross Sales</b>					
<b>(B) Expenditure</b>					
(a)	Direct Cost				
(i)	Raw Materials				
(ii)	Freight				
(iii)	Wages				
(iv)	Power & Fuel				
(v)	Packaging Material				
(vi)	Selling & Distribution Expenses				
<b>Total Direct Cost</b>					
(b)	Indirect Cost				
(i)	Staff salary & welfare				
(ii)	Administrative Expenses				
(iii)	Repair & Maintenance				
(iv)	Rent, Rates & Taxes				
(v)	Interest on Term Loan@...%				
(vi)	Interest on WC @ ...%				
(vii)	Depreciation				
(viii)	Production & Pre-production exp. w/off				
<b>Total Indirect Cost</b>					
<b>Total B</b>					
Profit Before Taxes(A-B)					
Income Tax Provision					
Balance of Profit after Income Tax					



### 30. Calculation of Tax Liability

Sl. No.	Description	Operating Years				
		1st	2nd	3rd	4th	5th
1	Operating Profit as per P & A/c (Profit before Tax)					
2	Goods Depreciation Charged (Straight line Method)					
3	<b>Total (Rs)</b>					
4	Goods Depreciation as per Income Tax Act. (Written Down Value Method)					
5	Profit (3-4)					
6	Profit after accumulating loss					
7	Goods Taxable income					
8	Tax Liability on the above Income					

### 31. Projected Balance Sheet

Description	Construction period	At the end of the year				
		1	2	3	4	5
<b>Liabilities</b>						
Promoter's Contribution						
Reserves & Surplus						
Capital Subsidy						
Long Term Loans						
<b>Current Liabilities</b>						
Sundry Creditors						
Other (Specify)						
<b>Assets</b>						
Land (Book Value)						
Gross Fixed Assets						
Less: Depreciation						
Net Fixed Assets						
<b>Current Assets</b>						
Loans & Acquiring						
Sundry Debtors						
Inventories						
Cash & Bank Balances						
Preliminary Expenses (to be extent not value profit)						

## 32. Break Even Analysis

(Practically attainable 90% capacity or to be based on 3<sup>rd</sup> year of operation)

Sl. No.	Description	Rs. In Lakhs
(A)	Variable Expenses / Cost	
	Raw material & Consumables	
	Profits (Including Benefits)	
	Power, Fuel & Water	
	Other Direct Expenses	
	Selling and Direct Expenses	
	Interest on working capital	
(B)	Fixed Expenses / Cost	
	Administrative Salaries including benefits (Staff Salaries)	
	Other Administrative Expenses	
	Interest on term loan	
	Depreciation (Sometimes only 50%)	
(C)	Sales Realization / Gross sales	
(D)	Contribution (C-A)	
(E)	Fixed Expenses x 100 BEP = _____ % Contribution	
(F)	BEP in terms of installed Capacity ..... %	

### 33. Pay-Back Period

Average profit before

Less: Tax @.....

Profit after tax

Add: Average Depreciation written off

Cash inflow generated from the project

$$\text{Pay-Back Period} = \frac{\text{Total Cost of the Project}}{\text{Cash inflow}}$$

Note: Depreciation is added back to the profit since it does not result in a cash out flow

### 34. Ratio Analysis

Sl. No.	Description	Years		
		1st	2nd	3rd
<b>I</b>	<b>Structural Ratio</b>			
(a)	Debt Equity Ratio + (Long Term Debt /Equity Capital)			
(b)	Fixed Assets to Proprietor's Funds= [Net Fixed Assets / (Share Capital +Reserves)]			
(c)	Current Assets to Proprietor's Funds = (Current Assets / Proprietor's Funds)			
(d)	Net Fixed Assets to Funded Debt + (Net Fixed Assets / Long Term Loans			
<b>II</b>	<b>Profitable Ratio</b>			
(a)	Gross Profit Ration = [(Gross Profit x100/Net Sales)]			
(b)	Return on investment=[Profit before Interest & Tax/ (Equity Capital + Reserve)]			
(c)	Interest on average Ratio= [Net Profit before Interest & Tax/ Tax Interest Charge]			
(d)	DSCR= (Cash Accrual + Interest)/(Loan Installment +Interest)			
<b>III</b>	<b>Turnover Ratio</b>			
(a)	Fix assets Turnover Ratio = (Sales/Fixed Assets)			
(b)	Capital Turnover Ratio = (Sale/ Total Capital			

**Note 1:** Financial Institutions generally prefer following debt equity ratio the maximum

- (I) For Small Scale industry – 3:1
- (II) For Medium and large scale industry -2:1

**Note 2:** The average DCSR should fall in the range of 1.6 to 2.0 times