

PROJECT REPORT

JAGGERY CUBE UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Jaggery Cube Unit Unit.

The objective of the pre-feasibility is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve this objective; the document covers various aspects of the project concept development, startup, marketing, and finance and business 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.]

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PROJECT FEASIBILITY
REPORT
JAGGERY CUBES

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JAGGERY CUBE



1. INTRODUCTION:

Jaggery is also manufactured from sugarcane juice and is widely consumed in households, eateries, restaurants, sweetmeat shops etc. In crude form it has industrial applications also. In rural areas it is also a substitute for sugar.



Manufacture of sugar involves many technicalities and is capital intensive. Production of jaggery is simple and does not call for large investment. Sugar industry in India is a well-developed industry and one of the largest sectors after textile. It provides rural employment opportunities

and plays an important role in the economy. Jaggery is a typical Indian product and finds wide application in day to day life food preparations. It is a rural industry and can be produced in sugar cane growing regions such as Maharashtra, U.P, Gujarat, Bihar etc.

2. MARKET POTENTIAL:

Production of jaggery is confined to the sugar cane growing belt as such the units are mostly located in UP, Bihar, Maharashtra and Tamil Nadu. Since it is an item of food consumption its market is ever growing and any new unit may not face any difficulty in marketing its product. Jaggery is one of the traditional items of various ingredients in Indian way of

cooking. The demand for jaggery is there both in the rural as well as urban areas. It finds applications in day to day cooking. Unlike sugar the market of jaggery is seasonal during the harvesting of sugar cane. Traditionally the unit is

a rural industry and should be located near the area of its cultivation to reduce the transportation cost. The unit does not require elaborate infrastructure and generally the sugarcane juice is cooked in pen pans.

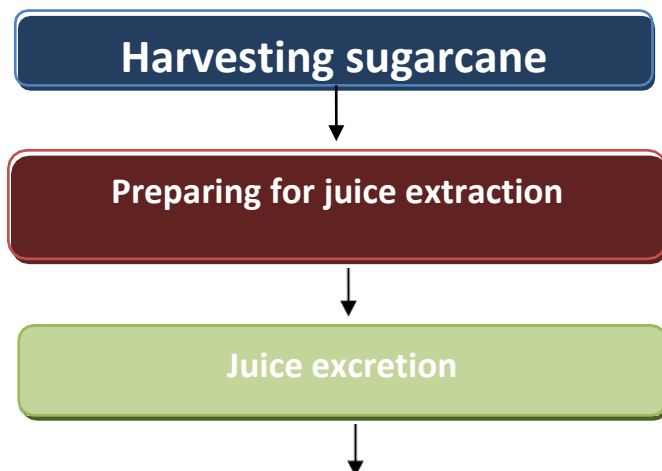


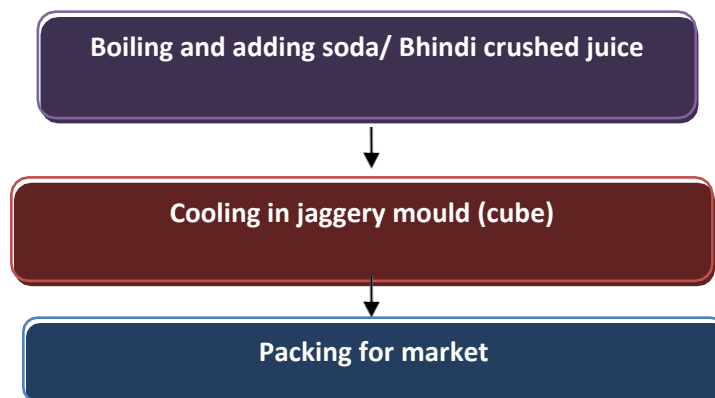
3. PRODUCT DESCRIPTION:

3.1. Product uses- Jaggery can be used in a number of ways in regular eating. You can take jaggery tea in the morning, in which ginger can also be added. Apart from this, you can eat jaggery directly like this. Jaggery kheer, jaggery chutney etc. Many jaggery dishes are also made, in which jaggery is used. Jaggery and Sing Dana chikki are made in Maharashtra, which is quite popular. In the south, jaggery is used to make kheer. In Bihar, jaggery is also used to make kheer. Also, jaggery roti's are also made there. Jaggery pedas are also made in Bengal and are also used in many sweet dishes. Jaggery is also specially used in making many sweets. Apart from this, you can consume jaggery with milk every day.

3.2. Raw materials- The raw material is for jaggery production is Mature sugarcane and Okra or soda (which available locally). For producing 100 tons of jaggery, the unit requires 1000 tons of sugar cane. The unit will also require jute gunny bags for packing.

3.3. Manufacturing process- It is a simple process, comprising crushing of sugarcane for juice extraction, filtration and boiling of juice for concentration and then cooling and solidifying to give jaggery blocks. The juice is extracted in conventional crusher; this is then filtered and boiled in shallow iron pans. During boiling chemical bleaching agents or natural vegetable items like Bhindi (Lady Finger) are added to clean the juice and the extraneous matter is constantly removed to give a bright golden color. The boiled juice is then left to cool in jaggery mould to form the jaggery cube. The size of these molds is specific and depends on the weight of the block of jaggery varying from 1kg onwards. The blocks are packed in jute cloth and dispatched. The yield rate of jaggery is about 10%, 100 kg of sugarcane yields 10kg of jaggery.










4. PROJECT DESCRIPTIONS:

4.1. Land:

The approximate total area required for complete small-scale factory setup is 1200-1500 Sq. ft. approximately smooth production

4.2. Tools and machinery-

<p>Double roller sugar cane crusher (Rs – 10.00 Lakh/machine Capacity 5 tons per day)</p>	<p>It is a machine which is used to crush the extracted sugarcane fibers in order to extract sugarcane juice efficiently.</p>	
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<p>Storage tanks</p>	<p>These are used for storing the juice extracted from the crushing of sugarcane.</p>	
<p>Steel pans for boiling (Capacity 500-1000 liter)</p>	<p>For boiling the concentrate extracted, these pans are used.</p>	
<p>General Hand Tools</p>	<p>These are set of tools that are used by the operators or workers to perform the various tasks easily which machine themselves are not able to perform like scraping away extra jaggery deposits in pans.</p>	
<p>Jaggery mould</p>	<p>Like any other mould these moulds are used to shape the jaggery concentrate into jaggery cubes.</p>	

4.3. Power requirement- 30 KW Electricity Connection required for smooth running of jaggery cube manufacturing unit.



4.4. Man power requirement- Following manpower needed for smooth functioning of the unit: General Engineers, Skilled & Unskilled Workers, Casual Labours, Security Guard, Administrative staffs, Accountant cum Store Keeper.

5.

**FINANCIAL
ASPECTS**

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxx
Pin: xxxxxxx State: xxxxxxx
Mobile xxxxxxx
- 5 Product and By Product : **JAGGERY CUBE**
- 6 Name of the project / business activity proposed : **JAGGERY CUBE MANUFACTURING UNIT**
- 7 Cost of Project : Rs.58.6 Lakhs
- 8 Means of Finance
Term Loan Rs.32.7 Lakhs
Own Capital Rs.25.9 Lakhs
- 9 Debt Service Coverage Ratio : 3.03
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 39%
- 13 Employment : 16 Persons
- 14 Power Requirement : 30 KW
- 15 Major Raw materials : Sugarcane, Okra or soda , etc
- Estimated Annual Sales Turnover (Max Utilized Capacity) : 460.06 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land (1000 sq ft)	Own/Rented
Building /Shed 1000 Sq ft	Own/Rented
Plant & Machinery	42.50
Furniture & Fixtures	1.10
Working Capital Margin	15.00
Total	58.60

MEANS OF FINANCE

Particulars	Amount
Own Contribution	25.90
Term Loan	32.70
Total	58.60

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	27.19	31.45	40.97	53.59
Add: Additions	25.90	-	-	-	-
Add: Net Profit	5.29	12.25	19.53	26.61	32.36
Less: Drawings	4.00	8.00	10.00	14.00	18.00
Closing Balance	27.19	31.45	40.97	53.59	67.95
CC Limit	45.00	45.00	45.00	45.00	45.00
Term Loan	29.07	21.80	14.53	7.27	-
Sundry Creditors	12.58	14.09	15.71	17.47	19.36
TOTAL :	113.84	112.33	116.22	123.33	132.31
APPLICATION OF FUND					
Fixed Assets (Gross)					
Fixed Assets (Gross)	43.60	43.60	43.60	43.60	43.60
Gross Dep.	6.49	12.00	16.70	20.69	24.09
Net Fixed Assets	37.12	31.60	26.90	22.91	19.51
Current Assets					
Sundry Debtors	13.43	19.13	21.93	25.13	28.63
Stock in Hand	59.58	58.03	66.68	74.02	82.59
Cash and Bank	3.72	3.58	0.71	1.26	1.59
TOTAL :	113.84	112.33	116.22	123.33	132.31
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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	215.76	307.41	352.44	403.91	460.06
(Projected at 9 Months sales)					
Total (A)	215.76	307.41	352.44	403.91	460.06
B) COST OF SALES					
Raw Mateiral Consumed	202.12	226.38	252.55	280.78	311.20
Electricity Expenses	4.73	5.04	5.36	5.67	5.99
Repair & Maintenance	1.08	1.54	1.76	2.02	2.30
Labour & Wages	13.07	14.37	17.97	22.46	28.08
Depreciation	6.49	5.52	4.70	4.00	3.40
Other Direct Expenses	2.02	2.26	12.63	14.04	15.56
Cost of Production	229.50	255.11	294.96	328.96	366.52
Add: Opening Stock /WIP	-	46.10	42.94	49.84	55.31
Less: Closing Stock /WIP	46.10	42.94	49.84	55.31	61.84
Cost of Sales (B)	183.40	258.28	288.06	323.50	359.98
C) GROSS PROFIT (A-B)	32.36	49.13	64.38	80.41	100.08
	15.00%	15.98%	18.27%	19.91%	21.75%
D) Bank Interest (Term Loan)	3.55	2.90	2.10	1.30	0.50
ii) Interest On Working Capital	4.95	4.95	4.95	4.95	4.95
E) Salary to Staff	5.61	6.17	6.79	7.47	8.21
F) Selling & Adm Expenses Exp.	12.95	21.52	26.43	32.31	43.71
TOTAL (D+E)	27.05	35.54	40.27	46.03	57.37
H) NET PROFIT	5.31	13.59	24.11	34.38	42.71
	2.5%	4.4%	6.8%	8.5%	9.3%
I) Taxation	0.02	1.34	4.59	7.77	10.35
J) PROFIT (After Tax)	5.29	12.25	19.53	26.61	32.36

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	25.90	-			
Net Profit	5.31	13.59	24.11	34.38	42.71
Depreciation & Exp. W/off	6.49	5.52	4.70	4.00	3.40
Increase In Cash Credit	45.00				
Increase In Term Loan	32.70	-	-	-	-
Increase in Creditors	12.58	1.51	1.63	1.76	1.89
TOTAL :	127.97	20.62	30.44	40.14	48.00
APPLICATION OF FUND					
Increase in Fixed Assets	43.60	-	-	-	-
Increase in Stock	59.58	- 1.55	8.65	7.35	8.57
Increase in Debtors	13.43	5.70	2.80	3.20	3.49
Repayment of Term Loan	3.63	7.27	7.27	7.27	7.27
Taxation	0.02	1.34	4.59	7.77	10.35
Drawings	4.00	8.00	10.00	14.00	18.00
TOTAL :	124.25	20.76	33.30	39.58	47.68
Opening Cash & Bank Balance	-	3.72	3.58	0.71	1.26
Add : Surplus	3.72	- 0.14	- 2.87	0.55	0.33
Closing Cash & Bank Balance	3.72	3.58	0.71	1.26	1.59

COMPUTATION OF JAGGERY CUBE MANUFACTURING UNIT					
Items to be Manufactured JAGGERY CUBE					
Manufacturing Capacity per Day		5.00	tonnes		
No. of Working Hour		10			
No of Working Days per month		25			
No. of Working Day per annum		150	Production Working Months (Oct-March)		
Total Production per Annum		750	tonnes		
Year		Capacity	JAGGERY CUBE MANUFACTURING		
		Utilisation			
I		75%	563		
II		80%	600		
III		85%	638		
IV		90%	675		
V		95%	713		
COMPUTATION OF RAW MATERIAL					
Item Name		Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
Sugarcane		7,500.00	tonnes	3,500.00	26,250,000.00
Other consumables like Okra					450,000.00
Packing Material					250,000.00
Total					26,950,000.00
Total Raw material in Rs lacs	at 100% Capacity				269.50
Average Cost per tonne				(In Rs)	35,933.00
Raw Material Consumed	Capacity Utilisation	Rate	Amount (Rs.)		
I	75%	35,933.00	202.12		
II	80%	37,729.70	226.38		
III	85%	39,616.20	252.55		
IV	90%	41,597.00	280.78		
V	95%	43,676.90	311.20		

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	113.00	120.00	128.00	135.00
Production	562.50	600.00	637.50	675.00	712.50
	562.50	713.00	757.50	803.00	847.50
Less : Closing Stock(45 Days)	113.00	120.00	128.00	135.00	143.00
Net Sale	449.50	593.00	629.50	668.00	704.50
Avg Sale Price per tonne	48,000.00	51,840.00	55,987.00	60,466.00	65,303.00
Sale (in Lacs)	215.76	307.41	352.44	403.91	460.06

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(45 Days requirement)	46.10	42.94	49.84	55.31	61.84
Raw Material					
(15 Days requirement)	13.47	15.09	16.84	18.72	20.75
Closing Stock	59.58	58.03	66.68	74.02	82.59
COMPUTATION OF WORKING CAPITAL REQUIREMENT					
Particulars	Amount	Margin(25%)	Net		
			Amount		
Stock in Hand	59.58				
Less:					
Sundry Creditors	12.58				
Paid Stock	47.00	11.75	35.25		
Sundry Debtors	13.43	3.36	10.07		
Working Capital Requirement			45.32		
Margin			15.11		
MPBF			45.32		
Working Capital Demand			45.00		

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
General Engineer		35,000.00	2	70,000.00
Supervisor		20,000.00	1	20,000.00
Skilled Worker		15,000.00	2	30,000.00
Unskilled Worker		8,500.00	8	68,000.00
Helper		5,000.00	2	10,000.00
				198,000.00
Add: 10% Fringe Benefit				19,800.00
Total Labour Cost Per Month				217,800.00
Total Labour Cost for the year (In Rs. Lakhs)			13	13.07
BREAK UP OF SALARY				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Accountant cum store keeper		15,000.00	1	15,000.00
Administrative Staffs		10,000.00	2	20,000.00
Security Guard		7,500.00	1	7,500.00
Total Salary Per Month				42,500.00
Add: 10% Fringe Benefit				4,250.00
Total Salary for the month				46,750.00
Total Salary for the year (In Rs. Lakhs)			3	5.61

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation			15.00%	10.00%	
Opening Balance	Own/Rented		-	-	-
Addition	-		42.50	1.10	43.60
	-		42.50	1.10	43.60
TOTAL		-	42.50	1.10	43.60
Less : Depreciation	-	-	6.38	0.11	6.49
WDV at end of Ist year	-	-	36.13	0.99	37.12
Additions During The Year	-	-	-	-	-
	-	-	36.13	0.99	37.12
Less : Depreciation	-	-	5.42	0.10	5.52
WDV at end of IIInd Year	-	-	30.71	0.89	31.60
Additions During The Year	-	-	-	-	-
	-	-	30.71	0.89	31.60
Less : Depreciation	-	-	4.61	0.09	4.70
WDV at end of IIIrd year	-	-	26.10	0.80	26.90
Additions During The Year	-	-	-	-	-
	-	-	26.10	0.80	26.90
Less : Depreciation	-	-	3.92	0.08	4.00
WDV at end of IV year	-	-	22.19	0.72	22.91
Additions During The Year	-	-	-	-	-
	-	-	22.19	0.72	22.91
Less : Depreciation	-	-	3.33	0.07	3.40
WDV at end of Vth year	-	-	18.86	0.65	19.51

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	32.70	32.70	0.90	-	32.70
	IInd Quarter	32.70	-	32.70	0.90	-	32.70
	IIIrd Quarter	32.70	-	32.70	0.90	1.82	30.88
	Ivth Quarter	30.88	-	30.88	0.85	1.82	29.07
					3.55	3.63	
II	Opening Balance						
	Ist Quarter	29.07	-	29.07	0.80	1.82	27.25
	IInd Quarter	27.25	-	27.25	0.75	1.82	25.43
	IIIrd Quarter	25.43	-	25.43	0.70	1.82	23.62
	Ivth Quarter	23.62		23.62	0.65	1.82	21.80
					2.90	7.27	
III	Opening Balance						
	Ist Quarter	21.80	-	21.80	0.60	1.82	19.98
	IInd Quarter	19.98	-	19.98	0.55	1.82	18.17
	IIIrd Quarter	18.17	-	18.17	0.50	1.82	16.35
	Ivth Quarter	16.35		16.35	0.45	1.82	14.53
					2.10	7.27	
IV	Opening Balance						
	Ist Quarter	14.53	-	14.53	0.40	1.82	12.72
	IInd Quarter	12.72	-	12.72	0.35	1.82	10.90
	IIIrd Quarter	10.90	-	10.90	0.30	1.82	9.08
	Ivth Quarter	9.08		9.08	0.25	1.82	7.27
					1.30	7.27	
V	Opening Balance						
	Ist Quarter	7.27	-	7.27	0.20	1.82	5.45
	IInd Quarter	5.45	-	5.45	0.15	1.82	3.63
	IIIrd Quarter	3.63	-	3.63	0.10	1.82	1.82
	Ivth Quarter	1.82		1.82	0.05	1.82	0.00
					0.50	7.27	
	Door to Door Period	60	Months				
	Moratorium Period	6	Months				
	Repayment Period	54	Months				

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	215.76	307.41	352.44	403.91	460.06
Less : Op. WIP Goods	-	46.10	42.94	49.84	55.31
Add : Cl. WIP Goods	46.10	42.94	49.84	55.31	61.84
Total Sales	261.86	304.24	359.34	409.38	466.60
Variable & Semi Variable Exp.					
Raw Material & Tax	202.12	226.38	252.55	280.78	311.20
Electricity Exp/Coal Consumption at 85%	4.02	4.28	4.55	4.82	5.09
Wages & Salary at 60%	11.21	12.33	14.85	17.96	21.77
Selling & administrative Expenses 80%	10.36	17.22	21.15	25.85	34.96
ii) Interest On Working Capital	4.95	4.95	4.95	4.95	4.95
Repair & Maintenance	1.08	1.54	1.76	2.02	2.30
Total Variable & Semi Variable Exp	233.73	266.69	299.82	336.38	380.27
Contribution	28.13	37.55	59.53	73.00	86.32
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.71	0.76	0.80	0.85	0.90
Wages & Salary at 40%	7.47	8.22	9.90	11.97	14.52
Interest on Term Loan	3.55	2.90	2.10	1.30	0.50
Depreciation	6.49	5.52	4.70	4.00	3.40
Selling & administrative Expenses 20%	2.59	4.30	5.29	6.46	8.74
Total Fixed Expenses	20.80	21.69	22.79	24.58	28.05
Capacity Utilization	75%	80%	85%	90%	95%
OPERATING PROFIT	7.33	15.86	36.74	48.42	58.27
BREAK EVEN POINT	55%	46%	33%	30%	30%
BREAK EVEN SALES	193.62	175.76	137.55	137.83	151.64

CALCULATION OF D.S.C.R					
PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	11.78	17.77	24.22	30.61	35.76
Interest on Term Loan	3.55	2.90	2.10	1.30	0.50
Total	15.33	20.67	26.32	31.91	36.26
REPAYMENT					
Repayment of Term Loan	3.63	7.27	7.27	7.27	7.27
Interest on Term Loan	3.55	2.90	2.10	1.30	0.50
Total	7.18	10.16	9.36	8.57	7.77
DEBT SERVICE COVERAGE RATIO	2.13	2.03	2.81	3.73	4.67
AVERAGE D.S.C.R.			3.03		

FINANCIAL INDICATORS					
PARTICULARS	I	II	III	IV	V
TURNOVER	215.76	307.41	352.44	403.91	460.06
GROSS PROFIT	32.36	49.13	64.38	80.41	100.08
G.P. RATIO	15.00%	15.98%	18.27%	19.91%	21.75%
NET PROFIT	5.31	13.59	24.11	34.38	42.71
PAT/SALES RATIO	2.46%	4.42%	6.84%	8.51%	9.28%
CURRENT ASSETS	76.72	80.73	89.32	100.42	112.80
CURRENT LIABILITIES	57.58	59.09	60.71	62.47	64.36
CURRENT RATIO	1.33	1.37	1.47	1.61	1.75
TERM LOAN	29.07	21.80	14.53	7.27	-
TOTAL NET WORTH	27.19	31.45	40.97	53.59	67.95
DEBT/EQUITY	1.07	0.69	0.35	0.14	-
TOTAL NET WORTH	27.19	31.45	40.97	53.59	67.95
TOTAL OUTSIDE LIABILITIES	86.64	80.89	75.25	69.74	64.36
TOL/TNW	3.19	2.57	1.84	1.30	0.95
PBDIT	20.29	26.96	35.86	44.63	51.56
INTEREST	8.50	7.85	7.05	6.25	5.45
INTEREST COVERAGE RATIO	2.39	3.44	5.09	7.14	9.46
WDV	37.12	31.60	26.90	22.91	19.51
TERM LOAN	29.07	21.80	14.53	7.27	-
FACR	1.28	1.45	1.85	3.15	-

6. LICENSE & APPROVALS:

Basic License & Approvals required in this project:

- GST Registration
- Udyam Registration (Optional)
- Factory License
- FSSAI License
- Choice of a Brand Name of the product and secure the name with Trademark if require.

7. SWOT ANALYSIS OF JAGGERY CUBE:

STRENGTHS:	WEAKNESSES:
<ul style="list-style-type: none">✓ Easy availability of low cost of labour.✓ Exposure to export markets.✓ Managements with business background become quality and environment conscious.✓ Comfortable availability of raw materials and other inputs.	<ul style="list-style-type: none">✓ Use of information technology and decision support software to help eliminate the length of the production cycle for different products✓ Product diversification - There is lot of scope for diversification into other products.✓ Growing international and domestic markets.
OPPORTUNITIES:	THREATS:
<ul style="list-style-type: none">✓ Less number of organized product manufacturers.	<ul style="list-style-type: none">✓ Entry of multinationals in domestic market.

<p>✓ Low level of modernization and up gradation of technology and the integration of developed technology is very slow.</p> <p>✓ Low level of labour productivity due to inadequate formal training / unskilled labour.</p>	<p>✓ Improving quality to adapt the stricter international standards.</p> <p>✓ Limited scope for mobilizing funds through private placements and public issues, as many businesses are family-owned.</p>
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8. ASSUMPTIONS:

1. Production Capacity of Jaggery Cube is 5 tons per day. First year, Capacity has been taken @ 75%. Production shall be during 6 months during the month of October to March.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock is for 15 days and Finished goods Closing Stock has been taken for 45 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 14 days.
6. Depreciation and Income tax has been taken as per the Income tax Act, 1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 30 KW.
10. Working of Sales has been assumed for 9 Months period and production will be during the 6 months during the year.

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