Format "A"

Executive Summary

Credit proposal of M/s ABC co. pvt. Ltd.

a) Term Loan of Rs. 3.47 lakhs for purchase of 4.63 lakhs

b) Demand Cash Credit of Rs. 41.25 lakhs to meet working capital requirements

Name of the firm: ABC co. Pvt. Ltd.

Address: 234, Fatimanagar, Hadapsar, Pune- 411054

Name of the borrower/s: Mr. XYZ

Address: 123, Hill view, Karve Road, Pune- 411004

Type of business activity: Manufacturing

Mobile No: 1234567890

PAN No: ABCD1234

Brief comments on Borrower/s – (Age- 30 Years

Educational qualification- MBA)

Purpose of Loan : Purchase of Machinery & working capital requirement.

Total Cost of the project: 60.83 Lakhs

Means of finance: a) Term Loan of Rs. 3.47 lakhs b) Applicant's contribution Rs. 16.10 lakhs

Repayment of Term Loan: loan of Rs. 3.47 lakhs repayable in Rs. 11,382 monthly installments with a moratorium period of 2 months.

Security : Hypothecation of assets purchased out of bank finance.

Collateral Security: Own flat

Details of the Guarantors : NA

- This proposal is submitted for a favorable consideration

Project Report ABC co. Pvt. Ltd.

A] Cost of the Project & Means of Finance

Cost of the Project		
Particulars		**Rs.**
Fixed Assets		
Equipment		463,530
Furniture		-
Land and building		-
Computer		-
Live stock		-
Space Deposit		80,000
Start-up Cost		40,000
Utility Deposit (MSEB, Water, Telephone)		-
Working Capital		
Working Capital Requirement		5,500,000
Current Assets		
Raw Material - Indigenous	-	
Raw Material - Imported	1,845,093	
Stock of Work in Progress	645,803	
Stock of Finished Goods	-	
Stock of Spare Parts - Indigenous	-	
Stock of Spare Parts - Imported	-	
Cash and Bank Balances	193,562	
Govt. & other Trustee securities	-	
Fixed Deposits with Banks	-	
Advance to Suppliers	-	
Domestic Receivables	2,363,014	
Export Receivables	-	
Other Current Assets	-	
	5,047,471	
Current Liabilities		
Creditors	-	
Advance Payment from Customers	-	
Other Statutory Liabilities (GST)	-	
Other Current Liabilities	-	
Taxes Payable	10,350	
Dividend Payable	-	
	10,350	
Total Project Cost		**6,083,530**

D] **Profitability Statement**

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Sales	57,500,000	65,863,636	75,443,802	86,417,446	98,987,256	113,385,402
Total Income	**57,500,000**	**65,863,636**	**75,443,802**	**86,417,446**	**98,987,256**	**113,385,402**
Cost of Sales						
Raw Material - Indigenous	-	-	-	-	-	-
Raw Material - Imported	14,965,753	16,551,837	18,959,377	21,717,104	24,875,956	28,494,277
Stores and Spares (Imported)	-	-	-	-	-	-
Stores and Spares (Indigenous)	-	-	-	-	-	-
Power & Fuel	70,000	80,500	88,550	97,405	107,146	117,860
Direct Labour	1,180,000	1,357,000	1,492,700	1,641,970	1,806,167	1,986,784
Repairs and Maintenance	20,000	23,000	25,300	27,830	30,613	33,674
Other Manufacturing Expenses	-	-	-	-	-	-
Depreciation	69,530	59,100	50,235	42,700	36,295	30,851
Works Cost	**16,305,283**	**18,071,437**	**20,616,162**	**23,527,009**	**26,856,176**	**30,663,445**
Add - Opening Stock	-	645,803	739,131	843,195	962,230	1,098,371
Less - Closing Stock	645,803	739,131	843,195	962,230	1,098,371	1,254,062
Administrative Expenses	300,000	345,000	379,500	417,450	459,195	505,115
Cost of Goods Sold	**15,959,480**	**18,323,109**	**20,891,598**	**23,825,424**	**27,179,230**	**31,012,869**
Add - Opening Stock	**-**	-	-	-	-	-
Less - Closing Stock	-	-	-	-	-	-
Preoperative Expenses	13,333	13,333	13,333	-	-	-
Selling Expenses	100,000	115,000	126,500	139,150	153,065	168,372
Cost of Sales	**16,072,814**	**18,451,442**	**21,031,431**	**23,964,574**	**27,332,295**	**31,181,240**
Operating Profit before Interest and Tax	41,427,186	47,412,194	54,412,371	62,452,872	71,654,961	82,204,162
Interest on Term Loan	30,807	22,206	8,971	103	-0	-
Interest on CC	415,938	453,750	453,750	453,750	453,750	453,750
Other Interest	-	-	-	-	-	-
Operating Profit after Interest	**40,980,442**	**46,936,238**	**53,949,650**	**61,999,019**	**71,201,211**	**81,750,412**
Non Operating Income						
Interest	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Royalties	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Sub Total	**-**	**-**	**-**	**-**	**-**	**-**
Non Operating Expenses						
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Royalties	0.00	0.00	0.00	0.00	0.00	0.00
Other Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles Written off	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	0.00
Sub Total	**8,000**	**8,000**	**8,000**	**8,000**	**8,000**	**-**
Profit Before Tax	**40,972,442**	**46,928,238**	**53,941,650**	**61,991,019**	**71,193,211**	**81,750,412**
Tax	12,291,732	14,078,471	16,182,495	18,597,306	21,357,963	24,525,124

G] **Projected Balance sheet**

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Capital						
Share Capital / Promoters Contribution	1,610,883	1,610,883	1,610,883	1,610,883	1,610,883	1,610,883
Share Application Money	-	-	-	-	-	-
Profit and Loss						
Opening	-	5,736,142	7,378,630	9,266,588	11,436,274	13,928,036
Surplus	28,680,709	32,849,767	37,759,155	43,393,713	49,835,248	57,225,288
Drawings / Dividend	22,944,567	31,207,278	35,871,197	41,224,027	47,343,485	54,364,024
Taxes On Dividend	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-
Closing Balance	5,736,142	7,378,630	9,266,588	11,436,274	13,928,036	16,789,300
General Reserve						
Opening	-	-	-	-	-	-
Addition	-	-	-	-	-	-
Closing	-	-	-	-	-	-
Revaluation Reserve	-	-	-	-	-	-
Non Current Liabilities						
Term Loans from Applicant Bank	253,258	138,886	11,278	-0	-0	-
Term Loans from Other Bank	-	-	-	-	-	-
Debentures	-	-	-	-	-	-
Quasi Equity	-	-	-	-	-	-
Other Term Liabilities	-	-	-	-	-	-
Current Liabilities						
Loans						
Short Term loans from Applicant Bank including BP &BD	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000
Short Term loans From Other banks including BP &BD	-	-	-	-	-	-
Short Term Borrowings from Others	-	-	-	-	-	-
Others						
Creditors	-	-	-	-	-	-
Advance Payment from Customers	-	-	-	-	-	-
Other Statutory Liabilities (GST)	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-
Taxes Payable	10,350	22,205	1,449,225	4,567,923	9,698,566	17,211,718
Dividend Payable	-	-	-	-	-	-
Total Liabilities	**11,735,632**	**13,275,604**	**16,462,974**	**21,740,079**	**29,362,484**	**39,736,901**
Fixed Assets						
Gross Block	463,530	463,530	463,530	463,530	463,530	463,530
Less Accumulated Depreciation	69,530	128,630	178,865	221,564	257,859	288,710
Net Block	394,001	334,900	284,665	241,966	205,671	174,820

Project Report ABC co. Pvt. Ltd.

K] D S C R

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Net Profit after drawings	5,736,142	1,642,488	1,887,958	2,169,686	2,491,762	2,861,264
Depreciation	69,530	59,100	50,235	42,700	36,295	30,851
Int on term Loan - Applicant Bank	30,807	22,206	8,971	103	-0	-
Int on term Loan - Other Bank	-	-	-	-	-	-
Total - A	**5,836,479**	**1,723,794**	**1,947,164**	**2,212,489**	**2,528,057**	**2892115.03**
Int on term Loan - Applicant Bank	30,807	22,206	8,971	103	-0	-
Int on term Loan - Other Bank	-	-	-	-	-	-
Repayment of Principal	94,390	114,372	127,607	11,278	0	-0
Total - B	**125,197**	**136,578**	**136,578**	**11,382**	**-**	**0.00**
D S C R = (A/B)	**46.62**	**12.62**	**14.26**	**194.39**	**0.00**	**0**

BUSINESS VIABILITY REPORT

To,

……

Assumptions:

1. **Sales:**
   - The estimated sales are based on the capacity of the unit, the likely demand and share the unit can get.
   - For the first financial year ____, number of working months will be __ months.
   - Sales are assumed at Rs. _____ for the period of ___ months in the financial year _____.
   - The growth in sales for subsequent years is considered as ____%.
   - Each year __% of total sales are being considered as receipts from job work. (If applicable).
   - To add more assumptions if, any for example: position of orders on hand.

2. **Market and competition study:**

   It is essential to identify the appropriate market for your business. Also, study the size of the market, demand & supply position, study your competitors and their business model. (Detailed competition study and market study as per Annexure 1 of the Project Report)

3. **Raw material consumption and other costs:**
   - The major raw material components/stock in trade will be _____ (Please specify).
   - Raw material consumption/stock in trade, is estimated as __% of sales and the year-on increase is estimated at ___%.
   - Other costs include costs for example salary, wages, electricity etc. The estimated year-on increase in such expenses is considered at __%.

4. **Level of stocks, receivables and creditors:**

The projected levels of stocks and receivables have been considered as under (For Manufacturing):

Particulars	With reference to	Months requirement
Raw material	Consumption of raw material per month	
Stock in Process (SIP)	Cost of production per month	
Finished goods	Cost of sales per month	
Receivables (Debtors)	Sales per month	
Creditors (For purchases)	Months raw material	

The projected levels of stocks and receivables have been considered as under (For Trading and service sector):

Particulars	With reference to	Months requirement
Raw material, if applicable	Consumption of raw material per month	
Stock in trade	Cost of sales per month	
Receivables (Debtors)	Sales per month	

Creditors (For purchases)	Months raw material	

5. Profit margin:

Profit margin is projected based on the trends in the similar line of business.

6. Cost of equipment and machinery including rate of depreciation:
Details are given in Annexure 2.

7. Interest rate:

- Interest rate for Term Loan is assumed at __%.
- Interest rate for Cash Credit is assumed at __%.
- Interest rate is not considered as the business is being self-financed.

8. Repayment (EMI) and moratorium period:

- Moratorium period is considered as ___months from the date of first disbursement of loan.
- Term Loan will be repaid in __months with Equated Monthly Installments (EMI) of Rs. ____.
- Repayment (EMI) and moratorium period will not be applicable as the business is being self-financed.

Based on the above assumptions and the Project Report, it appears that your business proposal is Feasible and Viable / is not Feasible and Viable.

Guidelines for making the business plan Feasible and Viable:

1. Note - Guidelines will be based on the weaknesses and finding which are noticed during the course of study.
2. …….

Managerial and personal attributes will also play a major role in the success of your business plan. Following are some necessary tips to ensure this:

1. Entrepreneur should have highest integrity and creditworthiness.
2. Entrepreneur should maintain a positive image in the market or in the industry.
3. Entrepreneur should keep his/her commitments.
4. Entrepreneur should have the ability to run the business by following appropriate delegation methods.
5. Entrepreneur should maintain good track record with all the entities and individuals with whom he/she is having business relations for e.g. Financial institutions, vendors, customers, etc.
6. Entrepreneur should take initiative to explore new avenues and build public relations.
7. Entrepreneur should have full involvement in the functioning and management of business.
8. In adverse conditions entrepreneur should maintain tenacity to withstand the circumstances.
9. Wherever required entrepreneur should be ready to seek external support.
10. Entrepreneur should have adequate and requisite knowledge, experience and competence in the proposed line of business.

11. Entrepreneur should be able to furnish references acceptable to the lenders and vendors, whenever necessary.
12. Entrepreneurs financial ability to raise margin money and additional funding as and when required.
13. Entrepreneur is required to maintain regular data of their financial transactions and related financial statements.
14. Entrepreneur should comply with all the regulatory and statutory compliances and wherever necessary should timely renew the registrations or licenses.
15. It is necessary to get all the business assets insured. Also, ensure that the insurance is in the name of the business and insurance should be renewed on time.

Disclaimer:

This Business Viability Report is based considering the present trends and inputs given by the entrepreneur. Any changes in the trends and adverse market conditions may lead in variable results.

Thanking You,

Udyog Mitra.