

Model Detailed Project Report

CORN PUFF MANUFACTURING UNIT

Prepared by

National Institute of Food Technology

Entrepreneurship and Management(NIFTEM)

**Plot No. 97 Sector 56 SIIDC Industrial Estate Kundli
Sonipat aryana 131028**

Ministry of Food Processing Industries, Government of India

1. INTRODUCTION



Puffcorn or Corn puffs are puffed or extruded corn snacks made with Corn meal and baked. Products by the name of puffcorn (instead of the more generic term corn puff) in particular can be made to look similar to popcorn, although the latter is made from whole grains.

Puffcorn is an extruded puffed corn snack which belongs in the snack group products made with corn grits, rice, wheat, or other cereals. Puffcorn is often flavored with cheese, oil, Chili, Onion or garlic powder, and many other spices. Types of puffcorn can vary between specific length, higher bulk density, lower lightness, higher redness, lower yellowness, higher hardness, and lower springiness, gumminess and chewiness when using different percentage of oat flour.

2. MARKET POTENTIAL:

Puffed food has a primary role in human consumption. Consumer demand is increasing for puffed food due to various health benefits such as weight loss, therefore increasing the market share of puffed food market. Increasing demand for flavor food products is expected to increase the puffed food market over the forecast period. Consumers believe in ready to eat products which have high nutrients like popcorns and Cheetos. The growing puffed market attributed to the shift in consumer demand for various flavors and nutritious food.

Puffed food is segmented by category type, application and region. By category, puffin comes in wheat, rice, sorghum and ragi. Puffed wheat is prepared by heating wheat grains under pressure and the rapidly releasing pressure when the sup

erheated steam in the grain expands, then grain is puffed. It is good source of copper, protein and iron. Puffed rice used in breakfast cereal and snack foods served as popular food street food. It is made by heating rice kernels under high pressure in the presence of steam. Puffed food is segmented by applications as bakery Industry and Snack Industry.

3. PRODUCT DESCRIPTION

3.1 PRODUCT BENEFITS

- Reduces the Risk of Breast Cancer
- Makes Teeth & Bones Strong
- Aids in Weight Loss
- Ensures a Healthy Digestive System.
- Great for Those Having Diabetes.

3.2 RAW MATERIAL

Basic raw material requirement are as follows:

1. Milk
2. Citric Acid
3. Packing Material

3.3 MANUFACTURING PROCESS

Puffcorn, much like other puffed products such as cereals and crispbreads are processed by Extrusion cooking through an extruder. This is a thermodynamic process where the dough is passed through a tube and heated under a certain amount of pressure. The puffcorn dough product is then forced through a narrow

opening called a die, and as it gets released, the change in pressure and temperature causes the product to puff out, giving the texture and consistency of puffed corn.


The different shapes and textures of puffed corn are manipulated by the die at the end of the extruder and the type of extruder used. Specific types of grain size of the starch required during processing also depends on the snack type itself, for example; if the puffed corn snack requires a fine structure with small pores an extruder with smaller granulation should be used whereas crispier puffed corn would require larger granulation.




4. PROJECT COMPONENTS


4.1 Land & Building

The approximate total area required for complete small-scale factory setup is 1000-1200 Sq. ft. approximately smooth production

4.2 Plant & Machinery

Batch Mixer with Screw feeder	This machine is designed for uniform blending of a wide variety of materials such as rice-corn grit, The ribbon blender channels material from the hopper sides through the center resulting in quick, even blending and easy material removal through the center discharge hatch, and then on to the attached discharge incline Screw conveyor.	
--------------------------------------	--	---

<p>Puff Extruder</p>	<p>Puffing extruders are generally designed to convert number two grade dry-milled cornmeal (hull and germ removed) into various shapes and sizes of expanded snack pieces.</p>	
<p>Conveyor</p>	<p>The main purpose of a conveyor system is to move objects from one location to another. The design allows for movement of objects that are too heavy or too bulky for humans to carry by hand. Conveyor systems save time when transporting items from one location to another</p>	
<p>Rotary roaster</p>	<p>Rotary dryers have been used to dry seeds, corn gluten, distiller's grains, and some ... rotary dryers can also function as roasters for nuts, sesame seeds, and cocoa ... Heat can be introduced into the subsurface by electrical resistance heating,</p>	

<p>Automatic collar Type cup filler Packing Machine</p>	<p>Collar type cup filler machine is a packing machine used for filling and packing of cups. It has a collar type structure hence the name. It has several advantages primary of which is low wastage of product.</p>	
<p>Air Compressor</p>	<p>An air compressor is a pneumatic device that converts power (using an electric motor, diesel or gasoline engine, etc.) into potential energy stored in pressurized air (i.e., compressed air). By one of several methods, an air compressor forces more and more air into a storage tank, increasing the pressure.</p>	
<p>Nitrogen Generator</p>	<p>Nitrogen generators are used in hypoxic air fire prevention systems to produce air with a low oxygen content which will suppress a fire.</p>	

Note: Approx. Total Machinery cost shall be Rs 14.20 lakhs excluding GST and Transportation Cost.

4.3 Power Requirement

The borrower shall require power load of 30 KW which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall purchase DG Set.

4.4 Manpower Requirement

13 Manpower are required for the Paneer Manufacturing business:

Includes:

1 Supervisor

1 Plant Operator

2 Skilled Labour

4 Unskilled Labour

4 Administrative Staffs

1 Accountant

5. FINANCIALS

5.1 Cost of Project

PARTICULARS	AMOUNT	Own Contribution	Bank Finance
Land & Building		25.00% Owned /rented	75.00%
Plant & Machinery	14.20	3.55	10.65
Furniture & Fixtures and Other Assets	1.20	0.30	0.90
Working capital	8.00	2.00	6.00
Total	23.40	5.85	17.55

5.2 Means of Finance

PARTICULARS	AMOUNT
Own Contribution	5.85
Bank Loan	11.55
Working capital Limit	6.00
Total	23.40

5.3 Projected Balance Sheet

PROJECTED BALANCE SHEET						(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	
<u>Liabilities</u>						
Capital						
opening balance		6.30	7.83	10.35	13.04	
Add:- Own Capital	5.85					
Add:- Retained Profit	1.70	3.53	5.51	7.69	9.84	
Less:- Drawings	1.25	2.00	3.00	5.00	8.00	
Closing Blance	6.30	7.83	10.35	13.04	14.88	
Term Loan	10.27	7.70	5.13	2.57	-	
Working Capital Limit	6.00	6.00	6.00	6.00	6.00	
Sundry Creditors	1.48	1.68	1.91	2.14	2.40	
TOTAL :	24.04	23.21	23.38	23.75	23.28	
<u>Assets</u>						
Fixed Assets (Gross)	15.40	15.40	15.40	15.40	15.40	
Gross Dep.	2.25	4.17	5.80	7.20	8.39	
Net Fixed Assets	13.15	11.23	9.60	8.20	7.01	
Current Assets						
Sundry Debtors	4.52	5.31	6.00	6.75	7.57	
Stock in Hand	5.24	5.94	6.69	7.50	8.38	
Cash and Bank	1.13	0.74	1.10	1.30	0.32	
TOTAL :	24.04	23.21	23.38	23.75	23.28	

5.4 Projected Cash Flow

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	5.85				
Net Profit	1.70	3.53	5.54	7.84	10.09
Depreciation & Exp. W/off	2.25	1.92	1.64	1.40	1.19
Increase in Cash Credit	6.00	-	-	-	-
Increase In Term Loan	11.55	-	-	-	-
Increase in Creditors	1.48	0.20	0.22	0.24	0.26
TOTAL :	28.83	5.66	7.40	9.47	11.54
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.40				
Increase in Stock	5.24	0.70	0.75	0.80	0.88
Increase in Debtors	4.52	0.78	0.69	0.75	0.82
Repayment of Term Loan	1.28	2.57	2.57	2.57	2.57
Drawings	1.25	2.00	3.00	5.00	8.00
Taxation	-	-	0.03	0.14	0.25
TOTAL :	27.69	6.05	7.04	9.27	12.52
Opening Cash & Bank Balance	-	1.13	0.74	1.10	1.30
Add: Surplus	1.13	(0.39)	0.36	0.20	(0.98)
Closing Cash & Bank Balance	1.13	0.74	1.10	1.30	0.32

5.5 Projected Profitability

PROJECTED PROFITABILITY STATEMENT					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	60%	65%	70%	75%	80%
<u>SALES</u>					
Gross Sale					
Corn Puff	90.48	106.12	120.00	135.06	151.36
Total	90.48	106.12	120.00	135.06	151.36
COST OF SALES					
Raw Material Consumed	63.36	72.07	81.65	91.80	102.91
Electricity Expenses	4.32	4.75	5.23	5.75	6.32
Depreciation	2.25	1.92	1.64	1.40	1.19
Wages & labour	9.30	10.23	11.25	12.38	13.62
Repair & maintenance	1.81	2.65	3.00	3.38	3.78
Cost of Production	81.04	91.63	102.76	114.70	127.83
Add: Opening Stock /WIP	-	2.70	3.05	3.43	3.82
Less: Closing Stock /WIP	2.70	3.05	3.43	3.82	4.26
Cost of Sales	78.34	91.27	102.39	114.30	127.39
GROSS PROFIT	12.14	14.85	17.61	20.76	23.97
	13.42%	13.99%	14.67%	15.37%	15.84%
Salary to Staff	5.10	5.61	6.17	6.79	7.47
Interest on Term Loan	1.14	1.00	0.72	0.44	0.15

Interest on working Capital	0.60	0.60	0.60	0.60	0.60
Rent	1.80	1.98	2.18	2.40	2.64
Selling & adm exp	1.81	2.12	2.40	2.70	3.03
TOTAL	10.44	11.31	12.07	12.92	13.88
NET PROFIT	1.70	3.53	5.54	7.84	10.09
	1.88%	3.33%	4.62%	5.80%	6.67%
Taxation			0.03	0.14	0.25
PROFIT (After Tax)	1.70	3.53	5.51	7.69	9.84

5.6 Production and Yield

<u>COMPUTATION OF PRODUCTION OF CORN PUFF</u>		
Items to be Manufactured		
Corn Puff		
Machine Production capacity per Hour	50.00	kg
Working hours in a day	8	
Production Per Day	400.00	kg
No of Working Days in Month	25	
No of Working Days in a Year	300	
Machine capacity per annum	120,000	kg
Production per annum	4,800,000	pouches of 25 gm

Production of Corn Puff		
Production	Capacity	pouches of 25 gm
1st year	60%	2,880,000.00
2nd year	65%	3,120,000.00
3rd year	70%	3,360,000.00
4th year	75%	3,600,000.00
5th year	80%	3,840,000.00

Raw Material Cost			
Year	Capacity Utilisation	Rate (per pouch)	Amount (Rs. in lacs)
1st year	60%	2.20	63.36
2nd year	65%	2.31	72.07
3rd year	70%	2.43	81.65
4th year	75%	2.55	91.80
5th year	80%	2.68	102.91

5.7 Sales Revenue

<u>COMPUTATION OF SALE</u>					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	96,000.00	104,000.00	112,000.00	120,000.00
Production	2,880,000.00	3,120,000.00	3,360,000.00	3,600,000.00	3,840,000.00
Less : Closing Stock	96,000.00	104,000.00	112,000.00	120,000.00	128,000.00
Net Sale	2,784,000.00	3,112,000.00	3,352,000.00	3,592,000.00	3,832,000.00
Avg sale price per pouch	3.25	3.41	3.58	3.76	3.95
Sales (in Lacs)	90.48	106.12	120.00	135.06	151.36

5.8 Working Capital Assessment

<u>COMPUTATION OF CLOSING STOCK & WORKING CAPITAL</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	2.70	3.05	3.43	3.82	4.26
<u>Raw Material</u>					
	2.53	2.88	3.27	3.67	4.12
Closing Stock	5.24	5.94	6.69	7.50	8.38

<u>COMPUTATION OF WORKING CAPITAL REQUIREMENT</u>				
TRADITIONAL METHOD				(in Lacs)
Particulars	Amount	Own Margin		Bank Finance
Finished Goods & Raw Material	5.24			
Less : Creditors	1.48			
Paid stock	3.76	25%	0.94	75% 2.82
Sundry Debtors	4.52	25%	1.13	75% 3.39
	8.28		2.07	6.21
WORKING CAPITAL LIMIT DEMAND (from Bank)				6.00

5.9 Power, Salary & Wages Calculation

Utility Charges (per month)		
Particulars	value	Description
Power connection required	30	KWH
consumption per day	240	units
Consumption per month	6,000	units
Rate per Unit	10	Rs.
power Bill per month	60,000	Rs.

<u>BREAK UP OF LABOUR CHARGES</u>			
Particulars	Wages Rs. per Month	No of Employees	Total Salary
Supervisor	15,000	1	15,000
Plant operator	12,500	1	12,500
Skilled (in thousand rupees)	10,000	2	20,000
Unskilled (in thousand rupees)	7,500	4	30,000
Total salary per month			77,500
Total annual labour charges	(in lacs)		9.30

<u>BREAK UP OF STAFF SALARY CHARGES</u>			
Particulars	Salary Rs. per Month	No of Employees	Total Salary
Accountant	12,500	1	12,500
Administrative Staffs	7,500	4	30,000
Total salary per month			42,500
Total annual Staff charges	(in lacs)		5.10

5.10 Financial Ratio Analysis

FINANCIAL INDICATORS					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
TURNOVER	90.48	106.12	120.00	135.06	151.36
GROSS PROFIT	12.14	14.85	17.61	20.76	23.97
G.P. RATIO	13.42%	13.99%	14.67%	15.37%	15.84%
NET PROFIT	1.70	3.53	5.54	7.84	10.09
N.P. RATIO	1.88%	3.33%	4.62%	5.80%	6.67%
CURRENT ASSETS	10.89	11.98	13.79	15.55	16.27
CURRENT LIABILITIES	7.48	7.68	7.91	8.14	8.40
CURRENT RATIO	1.46	1.56	1.74	1.91	1.94
TERM LOAN	10.27	7.70	5.13	2.57	-
TOTAL NET WORTH	6.30	7.83	10.35	13.04	14.88
DEBT/EQUITY	1.63	0.98	0.50	0.20	-
TOTAL NET WORTH	6.30	7.83	10.35	13.04	14.88
TOTAL OUTSIDE LIABILITIES	17.75	15.38	13.04	10.71	8.40
TOL/TNW	2.82	1.96	1.26	0.82	0.56
PBDIT	5.68	7.05	8.50	10.27	12.03
INTEREST	1.74	1.60	1.32	1.04	0.75

INTEREST COVERAGE RATIO	3.27	4.41	6.45	9.92	15.98
WDV	13.15	11.23	9.60	8.20	7.01
TERM LOAN	10.27	7.70	5.13	2.57	-
FACR	1.28	1.46	1.87	3.19	-

5.11 DSCR

<u>CALCULATION OF D.S.C. R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	3.95	5.45	7.15	9.09	11.03
Interest on Term Loan	1.14	1.00	0.72	0.44	0.15
Total	5.08	6.45	7.87	9.53	11.18
<u>REPAYMENT</u>					
Instalment of Term Loan	1.28	2.57	2.57	2.57	2.57
Interest on Term Loan	1.14	1.00	0.72	0.44	0.15
Total	2.42	3.57	3.28	3.00	2.72
DEBT SERVICE COVERAGE RATIO	2.10	1.81	2.40	3.17	4.11
AVERAGE D.S.C.R.	2.68				

5.12 Depreciation

COMPUTATION OF DEPRECIATION

(in Lacs)

Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	14.20	1.20	15.40
Total	14.20	1.20	15.40
Less : Depreciation	2.13	0.12	2.25
WDV at end of Year	12.07	1.08	13.15
Additions During The Year	-	-	-
Total	12.07	1.08	13.15
Less : Depreciation	1.81	0.11	1.92
WDV at end of Year	10.26	0.97	11.23
Additions During The Year	-	-	-
Total	10.26	0.97	11.23
Less : Depreciation	1.54	0.10	1.64
WDV at end of Year	8.72	0.87	9.60
Additions During The Year	-	-	-
Total	8.72	0.87	9.60
Less : Depreciation	1.31	0.09	1.40
WDV at end of Year	7.41	0.79	8.20
Additions During The Year	-	-	-
Total	7.41	0.79	8.20
Less : Depreciation	1.11	0.08	1.19
WDV at end of Year	6.30	0.71	7.01
Additions During The Year	-	-	-

Total	6.30	0.71	7.01
Less : Depreciation	0.95	0.07	1.02
WDV at end of Year	5.36	0.64	5.99
Less : Depreciation	0.80	0.06	0.87
WDV at end of Year	4.55	0.57	5.13
Less : Depreciation	0.68	0.06	0.74
WDV at end of Year	3.87	0.52	4.39

5.13 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
					Interest	11.00%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
ist	Opening Balance						
	1st month	-	11.55	11.55	-	-	11.55
	2nd month	11.55	-	11.55	0.11	-	11.55
	3rd month	11.55	-	11.55	0.11	-	11.55
	4th month	11.55	-	11.55	0.11	-	11.55
	5th month	11.55	-	11.55	0.11	-	11.55
	6th month	11.55	-	11.55	0.11	-	11.55
	7th month	11.55	-	11.55	0.11	0.21	11.34
	8th month	11.34	-	11.34	0.10	0.21	11.12
	9th month	11.12	-	11.12	0.10	0.21	10.91

	10th month	10.91	-	10.91	0.10	0.21	10.69
	11th month	10.69	-	10.69	0.10	0.21	10.48
	12th month	10.48	-	10.48	0.10	0.21	10.27
					1.14	1.28	
2nd	Opening Balance						
	1st month	10.27	-	10.27	0.09	0.21	10.05
	2nd month	10.05	-	10.05	0.09	0.21	9.84
	3rd month	9.84	-	9.84	0.09	0.21	9.63
	4th month	9.63	-	9.63	0.09	0.21	9.41
	5th month	9.41	-	9.41	0.09	0.21	9.20
	6th month	9.20	-	9.20	0.08	0.21	8.98
	7th month	8.98	-	8.98	0.08	0.21	8.77
	8th month	8.77	-	8.77	0.08	0.21	8.56
	9th month	8.56	-	8.56	0.08	0.21	8.34
	10th month	8.34	-	8.34	0.08	0.21	8.13
	11th month	8.13	-	8.13	0.07	0.21	7.91
	12th month	7.91	-	7.91	0.07	0.21	7.70
					1.00	2.57	
3rd	Opening Balance						
	1st month	7.70	-	7.70	0.07	0.21	7.49
	2nd month	7.49	-	7.49	0.07	0.21	7.27
	3rd month	7.27	-	7.27	0.07	0.21	7.06
	4th month	7.06	-	7.06	0.06	0.21	6.84
	5th month	6.84	-	6.84	0.06	0.21	6.63
	6th month	6.63	-	6.63	0.06	0.21	6.42
	7th month	6.42	-	6.42	0.06	0.21	6.20
	8th month	6.20	-	6.20	0.06	0.21	5.99
	9th month	5.99	-	5.99	0.05	0.21	5.78
	10th month	5.78	-	5.78	0.05	0.21	5.56
	11th month	5.56	-	5.56	0.05	0.21	5.35
	12th month	5.35	-	5.35	0.05	0.21	5.13
					0.72	2.57	

4th	Opening Balance						
	1st month	5.13	-	5.13	0.05	0.21	4.92
	2nd month	4.92	-	4.92	0.05	0.21	4.71
	3rd month	4.71	-	4.71	0.04	0.21	4.49
	4th month	4.49	-	4.49	0.04	0.21	4.28
	5th month	4.28	-	4.28	0.04	0.21	4.06
	6th month	4.06	-	4.06	0.04	0.21	3.85
	7th month	3.85	-	3.85	0.04	0.21	3.64
	8th month	3.64	-	3.64	0.03	0.21	3.42
	9th month	3.42	-	3.42	0.03	0.21	3.21
	10th month	3.21	-	3.21	0.03	0.21	2.99
	11th month	2.99	-	2.99	0.03	0.21	2.78
	12th month	2.78	-	2.78	0.03	0.21	2.57
					0.44	2.57	
5th	Opening Balance						
	1st month	2.57	-	2.57	0.02	0.21	2.35
	2nd month	2.35	-	2.35	0.02	0.21	2.14
	3rd month	2.14	-	2.14	0.02	0.21	1.93
	4th month	1.93	-	1.93	0.02	0.21	1.71
	5th month	1.71	-	1.71	0.02	0.21	1.50
	6th month	1.50	-	1.50	0.01	0.21	1.28
	7th month	1.28	-	1.28	0.01	0.21	1.07
	8th month	1.07	-	1.07	0.01	0.21	0.86
	9th month	0.86	-	0.86	0.01	0.21	0.64
	10th month	0.64	-	0.64	0.01	0.21	0.43
	11th month	0.43	-	0.43	0.00	0.21	0.21
	12th month	0.21	-	0.21	0.00	0.21	-
					0.15	2.57	
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

5.14 Break Even Point Analysis

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V

Net Sales & Other Income	90.48	106.12	120.00	135.06	151.36
Less : Op. WIP Goods	-	2.70	3.05	3.43	3.82
Add : Cl. WIP Goods	2.70	3.05	3.43	3.82	4.26
Total Sales	93.18	106.47	120.37	135.46	151.80
Variable & Semi Variable Exp.					
Raw Material Consumed	63.36	72.07	81.65	91.80	102.91
Electricity Exp/Coal Consumption at 85%	3.67	4.04	4.44	4.89	5.38
Wages & Salary at 60%	8.64	9.50	10.45	11.50	12.65
Selling & administrative Expenses 80%	1.45	1.70	1.92	2.16	2.42
Interest on working Capital	0.6	0.6	0.6	0.6	0.6
Repair & maintenance	1.81	2.65	3.00	3.38	3.78
Total Variable & Semi Variable Exp	79.53	90.57	102.07	114.32	127.74
Contribution	13.65	15.91	18.31	21.13	24.06
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.65	0.71	0.78	0.86	0.95
Wages & Salary at 40%	5.76	6.34	6.97	7.67	8.43
Interest on Term Loan	1.14	1.00	0.72	0.44	0.15
Depreciation	2.25	1.92	1.64	1.40	1.19
Selling & administrative Expenses 20%	0.36	0.42	0.48	0.54	0.61
Rent	1.80	1.98	2.18	2.40	2.64
Total Fixed Expenses	11.96	12.37	12.77	13.30	13.97
Capacity Utilization	60%	65%	70%	75%	80%
OPERATING PROFIT	1.70	3.53	5.54	7.84	10.09
BREAK EVEN POINT	53%	51%	49%	47%	46%
BREAK EVEN SALES	81.60	82.81	83.93	85.23	88.13

--	--	--	--	--	--

6. LICENSE & APPROVALS

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- Fire/pollution license as required.
- FSSAI License
- Factory License
- Choice of a Brand Name of the product and secure the name with Trademark if required.

7. ASSUMPTIONS

1. Production Capacity of Corn Puff is 400 kg per day. First year, Capacity has been taken @ 60%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock is for 12 days and Finished goods Closing Stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 15 days.
5. Credit period by the Sundry Creditors has been provided for 7 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. Increase in sales and raw material costing has been taken @ 5% on a yearly basis.

Limitations of the Model DPR and Guidelines for Entrepreneurs

Limitations of the Model DPR

- i. This model DPR has provided only the basic standard components and methodology to be adopted by an entrepreneur while submitting a proposal under the Formalization of Micro Food Processing Enterprises Scheme of MoFPI.
- ii. This is a model DPR made to provide general methodological structure not for specific entrepreneur/crops/location. Therefore, information on the entrepreneur, forms and structure (proprietorship/partnership/cooperative/ FPC/joint stock company) of his business, details of proposed DPR, project location, raw material base/contract sourcing, entrepreneurs own SWOT analysis, detailed market research, rationale of the project for specific location, community advantage/benefit from the project, employment generation and many more detailed aspects not included.
- iii. The present DPR is based on certain assumptions on cost, prices, interest, capacity utilization, output recovery rate and so on. However, these assumptions in reality may vary across places, markets and situations; thus the resultant calculations will also change accordingly.