

7.12. Financial Indicators

Internal Rate of Return (IRR):

The project internal rate of return should be more than 10% as per the current financial scenario of the country. The project IRR is 11.12% therefore it is clearly indicating that the project is feasible for investment.

Break Even Point:

The average break-even percentage is **42.22%** and as per financial standards it should be below **60%**.

Payback Period:

The Payback period for the project is **5 years & 3 Months**. It should be less than **6 to 7 years** therefore the project payback periods are within the limit.

Net Present Value:

With a discount rate of **10%** and a span of **7 years**, the projected cash inflows are worth **Rs.5,41,04,980** today, which is greater than the initial cash outflow of **Rs.5,11,78,966**. The resulting positive NPV of the above project is **Rs.19,80,862** which indicates that pursuing the above project may be optimal.

Return on Capital Employed:

The return on capital employed for the project is **17.86%** which is above the expected financial standards.

Debt Services Coverage Ratio

Debt Service Coverage Ratio: The average Debt Service Coverage Ratio is **3.08** and as per financial standards it should be above **1.5**.

Section 8: Assumptions

8.1 Key Assumptions

1. Basic Information of the business/facility

No.	Particulars	Details
1.	Business activity/Facility	Sorting & Grading of F & V, Cold Storage and Pre-cooling
2.	Area Required for establishing facility	40 R
3.	Capacity of Facility	Grading & Sorting -20Quintals per Day Cold Storage – 1000 MT Pre-Cooling -40MT
4.	No. of hours, the facility will be operational in a day	8 Hrs per day
5.	Capital investment for machinery and equipment's (as per quotation)	Rs. 2,66,41,290/-
6.	Investment on civil and construction component (As per estimates):	Rs. 1,67,15,576/-
I	How many days, the facility will be operational in a year	Annual days- 240 Days

2. Details of revenue generated through above facility

No.	Finished product	Unit	Whole price /Rs.----- --per unit	Retail price /- Rs.....per Unit
1	Chilli	20 Kg	800	
2	Turmeric	20 Kg	1,200	
3	Papaya	20 Kg	240	
4	Banana	20 Kg	300	

3. Expenditure on raw material

No.	commodity	Procurement Price Rs... Per Quintals:	Remark
1	Chilli	3,500	
2	Turmeric	4,000	
3	Papaya	800	
4	Banana	800	

4. Expenditure on salary of management staff

No.	Designation:	No. of Staff:	Salary Rs...Per Month:	Remark
1	Manager	1	Rs.25000/-	
2	Accountant	1	Rs.20,000/-	
3	Watchmen	2	Rs.8000/-	

5. Expenditure on remuneration of labour

No.	Type of workers	No.	Wages Rs.... / Per Month	Remark
1	Skilled	1	Rs.12000/-	
2	Un skilled	10	Rs.300/Day	

6. Expenditure on rent/lease of plot / sub-project site

No	Component	Land lease Rent Rs----- per month	Remark
1	land rent	Rs.5000/Year	
2	Other		

7. Expenditure on electricity charges required for facility

No	Cumulative HP for all Machineries and equipment's	No. of Units Consumption Per Hour:	Per Unit Cost Rs.....per unit	Remark
1	20HP	15 PER HR.	Ra.10/Unit	Electricity mostly use for clearing & Grading Unit

8. Maintenance cost facilities

No	Component	Detail	Remark
1	Maintenance of machinery, building, equipment etc,	Rs.1% of Machine cost per year	

9. Other consumables required for production

No.	Name of Consumables	Unit	Total Unit	Total Cost (Rs)	Remark
1					

E.g. edible oil, salt, sugar etc.

10. Expenditure on packaging material

No.	Type of Material	Size of Packaging material	Unit	Cost Per Unit (Rs.)	Total Cost	Remark
1	Other F & V	20 Kg	88,407	20	17,68,140	

11. Expenditure on storage/warehouse for product

No.	Crop Name:	Storage Duration (month)	Storage Cost Per Quintal Per Month:	Remark
1				

12. Other Expenditure

No.	Component	Rs/per Yearly	Remark
1	Outward- Transportation Cost	4,42,035	

8.2 Other assumptions

1. 5% inflation rate on revenue and expenses considered every year.
2. Capacity of the Grading & Sorting Unit is 20 Quintals/Hr.
3. 10 Daily Labour Required in cleaning & Grading Unit and Rs.300 per labour for a day.
4. Land Lease Charges Rs.5000/month
5. Working Capital is assumed for 7days, for managing day to day activities.
6. Rate of interest for long term loan & working capital loan –12%
7. Income tax Rate – 26%
8. Rate of depreciation for Building is 3.17% plant and machinery is 6.33%, as per company's act. Rate of depreciation is calculated as per straight line method in terms of company's act.
9. Rate of depreciation for Building is 10% plant and machinery is 15%, as per IT Act. Rate of depreciation is calculated as per written down value method in terms of income tax act,1961.