



AN ISO 9001 : 2015 CERTIFIED COMPANY

Detailed project report

Sample edition

Projections from FY 2027-28

Project report

# Bulk Drugs

Installed capacity 1,000 kg per day

Sector Specialty chemicals

Total project cost ₹1,408.35 lakh

**Illustrative sample**  
Figures are representative

## Project at a glance

Bulk Drugs  
1,000 kg per day

| Product                | Bulk Drugs            | Sector                  | Specialty chemicals      |
|------------------------|-----------------------|-------------------------|--------------------------|
| Installed capacity     | 1,000 kg per day      | Annual capacity         | 3,30,000 kg per year     |
| Selling price (ex-GST) | ₹914 per kg           | Working days            | 330 a year               |
| Manpower               | 46 people             | Plant and machinery     | ₹724.42 lakh             |
| Total project cost     | <b>₹1,408.35 lakh</b> | Promoter's contribution | ₹352.09 lakh (25%)       |
| Term loan              | ₹1,056.26 lakh (75%)  | Cash credit limit       | ₹204.68 lakh             |
| Revenue, Year 3        | ₹2,111.34 lakh at 70% | Net profit, Year 3      | ₹319.88 lakh             |
| Return on investment   | <b>22.7% a year</b>   | Break-even, Year 3      | <b>34.4% of capacity</b> |
| Average DSCR           | <b>1.88</b>           | Payback period          | 3.4 years                |

This is an illustrative sample. Its figures are generated from industry-typical ratios to show the format and depth of an NPCS project report. They are not taken from any NPCS report or any real project, and should not be used for investment or lending decisions.

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## 1 Introduction

The product covered in this sample is bulk drugs, made in a plant sized at 1,000 kg per day (3,30,000 kg per year at full capacity). The unit is costed as a complete project, from land and building through to working capital, and its applications range from tablet and capsule formulations to contract manufacturing for pharmaceutical companies.

The projections cover the first five years of operation, starting FY 2027-28. By Year 3 the plant runs at 70% of capacity, with revenue of ₹2,111.34 lakh and a net profit of ₹319.88 lakh.

## 2 Uses and applications

The product is bought for these main uses:

- Tablet and capsule formulations
- Injectable and oral liquid formulations
- Supply to export formulation makers
- Contract manufacturing for pharmaceutical companies

## 3 Market potential

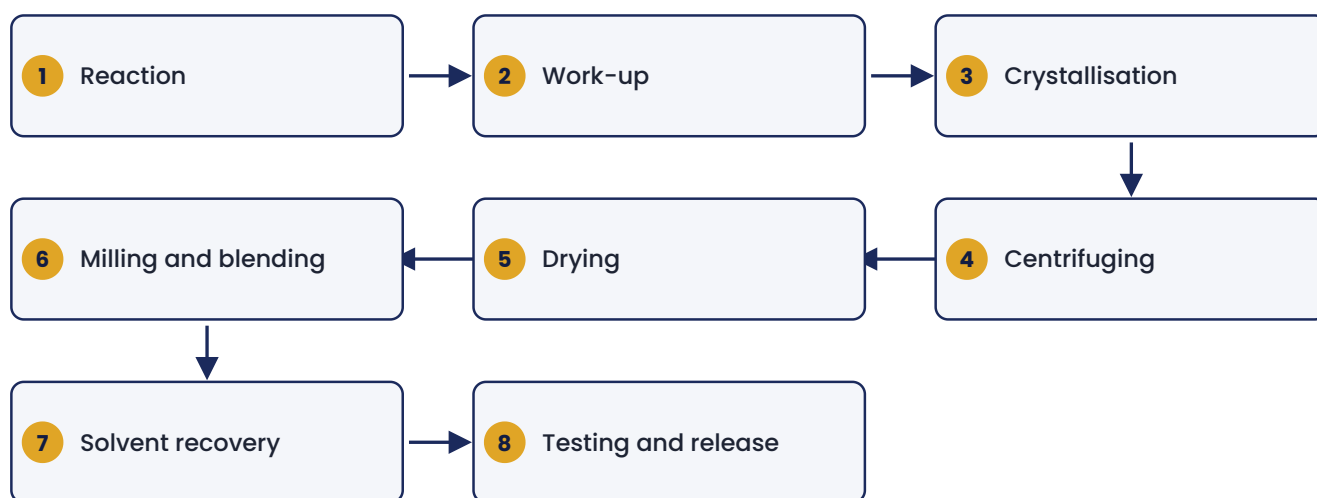
Bulk drugs are sold by weight to formulation makers, who need every batch to match their registered specification. A new unit usually starts with a few off-patent molecules made in multipurpose reactors and wins buyers through consistent purity, documentation and on-time supply. Approval by a formulator takes months of sample testing, but once approved a supplier tends to keep the business.

The usual customers for a unit of this kind are tablet, capsule and injectable formulation makers; contract and loan-licence manufacturers; pharmaceutical exporters; bulk drug traders and distributors; and larger API makers buying intermediates.

For a real project, the market survey is redone for the chosen location, covering present demand, expected growth and the existing manufacturers nearby.

## 4 Manufacturing process

The manufacturing process runs in eight stages. Each stage is described below, and the flow chart shows the sequence.



Process flow for bulk drugs

- 1 Reaction.** Key starting materials, reagents and solvent are charged to a reactor and held at the set temperature until the reaction is complete.
- 2 Work-up.** The reaction mass is quenched, extracted and washed to separate the crude product from by-products.
- 3 Crystallisation.** The crude product is dissolved, treated with activated carbon and crystallised under controlled cooling.
- 4 Centrifuging.** Crystals are separated from the mother liquor in a centrifuge and washed with clean solvent.
- 5 Drying.** Wet cake is dried in a vacuum tray or fluid bed dryer to the specified loss on drying.
- 6 Milling and blending.** The dry powder is milled, sifted and blended into uniform batches in a clean area.
- 7 Solvent recovery.** Mother liquors and spent solvents are distilled and the recovered solvent is tested and reused.
- 8 Testing and release.** Each batch is tested against the pharmacopoeia monograph and released by quality assurance.

## 5 Raw materials

Raw materials account for 46.3% of sales at Year 3 volumes, a total of ₹977.95 lakh, with key starting materials and intermediates the biggest item in the mix.

| Raw material                             | Share of cost | Year 3 cost (₹ lakh) |
|------------------------------------------|---------------|----------------------|
| Key starting materials and intermediates | 62.0%         | 606.33               |
| Make-up solvents                         | 20.0%         | 195.59               |
| Reagents and catalysts                   | 12.0%         | 117.35               |
| Activated carbon and filter aids         | 6.0%          | 58.68                |
| <b>Total raw materials</b>               | <b>100.0%</b> | <b>977.95</b>        |

## 6 Plant and machinery

Plant and machinery accounts for ₹724.42 lakh of the project cost. The SS and glass lined reactors takes the largest share, and the other items and their indicative costs are listed below.

| Machinery and equipment                  | Indicative cost (₹ lakh) |
|------------------------------------------|--------------------------|
| SS and glass lined reactors              | 202.84                   |
| Centrifuges and nutsche filters          | 86.93                    |
| Solvent recovery and distillation system | 101.42                   |
| Vacuum tray and fluid bed dryers         | 72.44                    |
| Milling, sifting and blending equipment  | 43.46                    |
| Boiler, chilling plant and cooling tower | 86.93                    |
| Effluent treatment plant with MEE        | 65.20                    |
| QC laboratory with HPLC and GC           | 65.20                    |
| <b>Total plant and machinery</b>         | <b>724.42</b>            |

## 7 Land, building and utilities

Land and site development is taken at ₹90.55 lakh and building and civil works at ₹357.79 lakh. Other fixed assets, including electrification, furniture, testing equipment and power backup, add ₹80.56 lakh. Land rates vary widely by location, so these are the figures most likely to change in a real project.

Power and fuel cost ₹124.51 lakh in Year 3, about 5.9% of sales. Water is needed for cleaning, domestic use and, where the process calls for it, production.

## 8 Manpower

Staffing for the model unit is 46 people, at a Year 1 cost of ₹103.92 lakh. Wages are escalated by 5% each year in the projections.

| Category                                   | Number    | Monthly wage (₹) | Annual cost (₹ lakh) |
|--------------------------------------------|-----------|------------------|----------------------|
| Management, supervision and administration | 7         | 32,500           | 27.30                |
| Skilled workers and operators              | 16        | 20,500           | 39.36                |
| Semi-skilled and unskilled workers         | 23        | 13,500           | 37.26                |
| <b>Total (Year 1)</b>                      | <b>46</b> |                  | <b>103.92</b>        |

## 9 Licences and approvals

The main registrations and approvals for a unit like this are listed below. They differ from state to state, so check the current requirements with the relevant departments.

- Udyam (MSME) registration
- GST registration
- Consent to establish and consent to operate from the State Pollution Control Board
- Factory licence or registration under the applicable labour law, where the workforce threshold applies
- Fire safety NOC, where required
- Trade licence from the local body
- Drug manufacturing licence applied on Form 24 to the State Drugs Licensing Authority under the Drugs Rules 1945
- Good manufacturing practices under revised Schedule M
- Environmental clearance under item 5(f) of the EIA Notification 2006

## 10 Project cost and means of finance

Project cost is estimated at ₹1,408.35 lakh, including fixed assets of ₹1,307.43 lakh and margin money for working capital of ₹68.23 lakh.

| Cost of project                                                        | ₹ lakh          |
|------------------------------------------------------------------------|-----------------|
| Land and site development                                              | 90.55           |
| Building and civil works                                               | 357.79          |
| Plant and machinery                                                    | 724.42          |
| Other fixed assets (electrification, furniture, lab equipment, DG set) | 80.56           |
| Contingencies                                                          | 54.11           |
| Preliminary and pre-operative expenses                                 | 32.69           |
| Margin money for working capital                                       | 68.23           |
| <b>Total cost of project</b>                                           | <b>1,408.35</b> |

### Means of finance

Funding follows a 75:25 split between bank loan and promoter's contribution, with a term loan of ₹1,056.26 lakh and promoter funds of ₹352.09 lakh. The bank also provides a cash credit limit of ₹204.68 lakh for working capital.

| Source of funds                                         | ₹ lakh          |
|---------------------------------------------------------|-----------------|
| Promoter's contribution (25%)                           | 352.09          |
| Term loan from bank (75%)                               | 1,056.26        |
| <b>Total means of finance</b>                           | <b>1,408.35</b> |
| <i>Cash credit limit for working capital (separate)</i> | <i>204.68</i>   |

## 11 Working capital

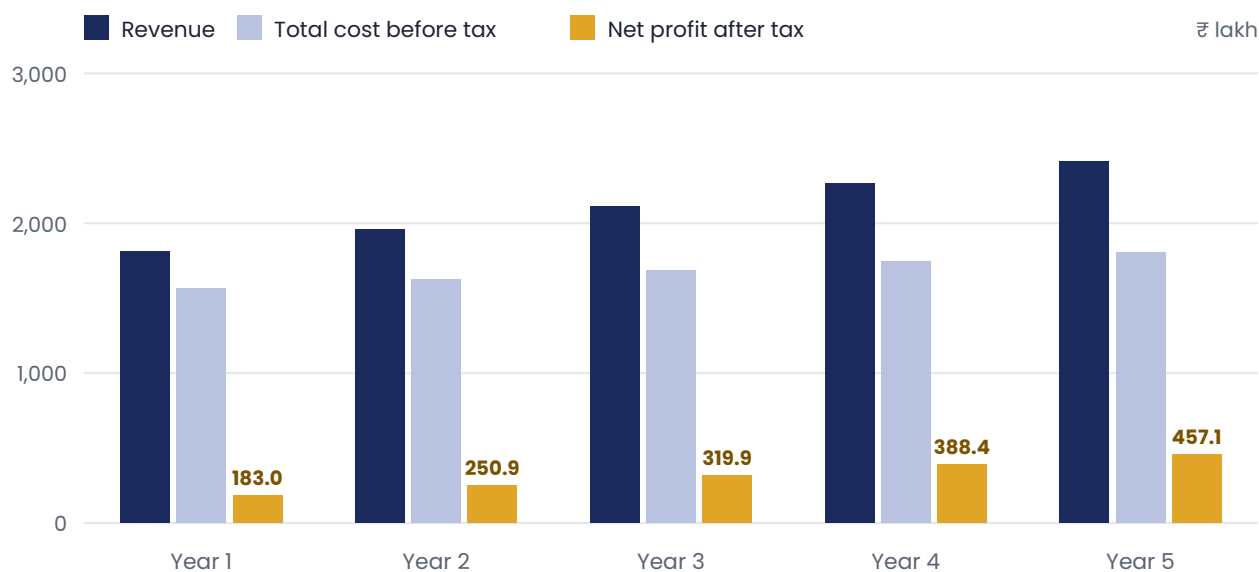
Working capital is worked out from holding periods: 30 days of raw material, 15 days of finished goods and 45 days of credit to customers, less 30 days of credit from suppliers. In Year 1 the requirement is ₹272.91 lakh. The bank funds ₹204.68 lakh through cash credit and the promoter's margin covers ₹68.23 lakh.

| Particulars (₹ lakh)               | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Raw material stock (30 days)       | 68.90                | 74.64                | 80.38                | 86.12                | 91.86                |
| Work in progress (3 days)          | 8.62                 | 9.31                 | 10.00                | 10.70                | 11.39                |
| Finished goods (15 days)           | 46.63                | 50.34                | 54.06                | 57.79                | 61.54                |
| Trade receivables (45 days)        | 223.12               | 241.71               | 260.30               | 278.90               | 297.49               |
| <b>Total current assets</b>        | <b>347.27</b>        | <b>376.00</b>        | <b>404.74</b>        | <b>433.51</b>        | <b>462.28</b>        |
| Less: trade creditors (30 days)    | 74.36                | 80.56                | 86.76                | 92.96                | 99.15                |
| <b>Working capital requirement</b> | <b>272.91</b>        | <b>295.44</b>        | <b>317.98</b>        | <b>340.55</b>        | <b>363.13</b>        |

## 12 Projected profitability

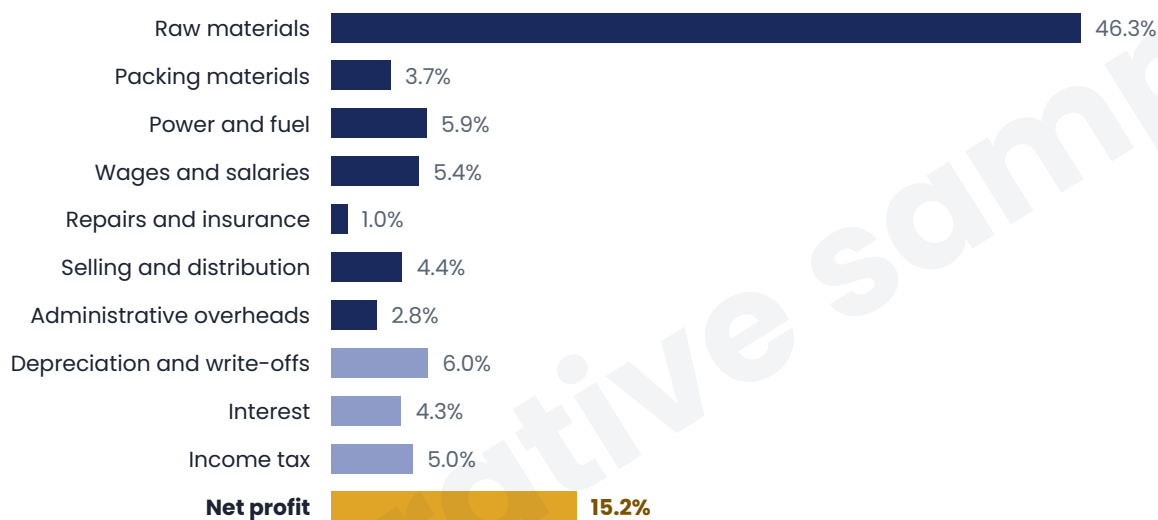
The unit is profitable from the first year, with a net profit of ₹183.01 lakh on sales of ₹1,809.72 lakh. By Year 5 sales reach ₹2,412.96 lakh and net profit ₹457.08 lakh, giving an average net margin of 14.8% across the projection.

| Particulars (₹ lakh)              | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Capacity utilisation (%)          | 60%                  | 65%                  | 70%                  | 75%                  | 80%                  |
| Revenue from operations           | 1,809.72             | 1,960.53             | 2,111.34             | 2,262.15             | 2,412.96             |
| Raw materials consumed            | 838.24               | 908.10               | 977.95               | 1,047.81             | 1,117.66             |
| Packing materials                 | 66.53                | 72.07                | 77.61                | 83.16                | 88.70                |
| Power and fuel                    | 106.72               | 115.61               | 124.51               | 133.40               | 142.29               |
| Wages and salaries                | 103.92               | 109.12               | 114.57               | 120.30               | 126.32               |
| Repairs and maintenance           | 14.49                | 15.21                | 15.97                | 16.77                | 17.61                |
| Insurance                         | 4.87                 | 4.87                 | 4.87                 | 4.87                 | 4.87                 |
| Cost of production                | 1,134.77             | 1,224.98             | 1,315.48             | 1,406.31             | 1,497.45             |
| <b>Gross profit</b>               | <b>674.95</b>        | <b>735.55</b>        | <b>795.86</b>        | <b>855.84</b>        | <b>915.51</b>        |
| Selling and distribution expenses | 79.46                | 86.09                | 92.71                | 99.33                | 105.95               |
| Administrative overheads          | 53.84                | 56.53                | 59.36                | 62.33                | 65.44                |
| <b>Operating profit (EBITDA)</b>  | <b>541.65</b>        | <b>592.93</b>        | <b>643.79</b>        | <b>694.18</b>        | <b>744.12</b>        |
| Depreciation                      | 159.73               | 138.04               | 119.38               | 103.33               | 89.50                |
| Preliminary expenses written off  | 6.54                 | 6.54                 | 6.54                 | 6.54                 | 6.53                 |
| Interest on term loan             | 108.86               | 91.36                | 68.86                | 43.88                | 16.14                |
| Interest on cash credit           | 22.51                | 22.51                | 22.51                | 22.51                | 22.51                |
| <b>Profit before tax</b>          | <b>244.01</b>        | <b>334.48</b>        | <b>426.50</b>        | <b>517.92</b>        | <b>609.44</b>        |
| Income tax                        | 61.00                | 83.62                | 106.62               | 129.48               | 152.36               |
| <b>Profit after tax</b>           | <b>183.01</b>        | <b>250.86</b>        | <b>319.88</b>        | <b>388.44</b>        | <b>457.08</b>        |



Revenue, total cost before tax and net profit after tax, ₹ lakh

### Where each rupee of sales goes in Year 3



Each cost head as a percentage of Year 3 sales

## 13 Cash flow statement

Cash generated from profit and depreciation covers the term loan repayments in every year. The closing cash balance builds up to ₹1,095.46 lakh by the end of Year 5.

| Particulars (₹ lakh)                    | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Sources of funds</b>                 |                      |                      |                      |                      |                      |
| Promoter's contribution                 | 352.09               | –                    | –                    | –                    | –                    |
| Term loan from bank                     | 1,056.26             | –                    | –                    | –                    | –                    |
| Cash credit (working capital) from bank | 204.68               | –                    | –                    | –                    | –                    |
| Net profit after tax                    | 183.01               | 250.86               | 319.88               | 388.44               | 457.08               |
| Depreciation                            | 159.73               | 138.04               | 119.38               | 103.33               | 89.50                |
| Preliminary expenses written off        | 6.54                 | 6.54                 | 6.54                 | 6.54                 | 6.53                 |
| Increase in trade creditors             | 74.36                | 6.20                 | 6.20                 | 6.20                 | 6.19                 |
| <b>Total sources</b>                    | <b>2,036.67</b>      | <b>401.64</b>        | <b>452.00</b>        | <b>504.51</b>        | <b>559.30</b>        |
| <b>Application of funds</b>             |                      |                      |                      |                      |                      |
| Fixed assets                            | 1,307.43             | –                    | –                    | –                    | –                    |
| Preliminary and pre-operative expenses  | 32.69                | –                    | –                    | –                    | –                    |
| Increase in inventories                 | 124.15               | 10.14                | 10.15                | 10.17                | 10.18                |
| Increase in trade receivables           | 223.12               | 18.59                | 18.59                | 18.60                | 18.59                |
| Repayment of term loan                  | 94.36                | 204.17               | 226.68               | 251.66               | 279.39               |
| Drawings                                | –                    | –                    | –                    | –                    | –                    |
| <b>Total application</b>                | <b>1,781.75</b>      | <b>232.90</b>        | <b>255.42</b>        | <b>280.43</b>        | <b>308.16</b>        |
| <b>Net cash flow</b>                    | <b>254.92</b>        | <b>168.74</b>        | <b>196.58</b>        | <b>224.08</b>        | <b>251.14</b>        |
| Opening cash balance                    | –                    | 254.92               | 423.66               | 620.24               | 844.32               |
| <b>Closing cash balance</b>             | <b>254.92</b>        | <b>423.66</b>        | <b>620.24</b>        | <b>844.32</b>        | <b>1,095.46</b>      |

## 14 Projected balance sheet

Over the projection, retained profits build the promoter's net worth from ₹508.95 lakh to ₹1,951.36 lakh, and the term loan reduces from ₹961.90 lakh to nil as it is repaid.

| As at year end (₹ lakh)              | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Liabilities</b>                   |                      |                      |                      |                      |                      |
| Promoter's capital                   | 352.09               | 352.09               | 352.09               | 352.09               | 352.09               |
| Reserves and surplus                 | 183.01               | 433.87               | 753.75               | 1,142.19             | 1,599.27             |
| Term loan                            | 961.90               | 757.73               | 531.05               | 279.39               | –                    |
| Cash credit from bank                | 204.68               | 204.68               | 204.68               | 204.68               | 204.68               |
| Trade creditors                      | 74.36                | 80.56                | 86.76                | 92.96                | 99.15                |
| <b>Total liabilities</b>             | <b>1,776.04</b>      | <b>1,828.93</b>      | <b>1,928.33</b>      | <b>2,071.31</b>      | <b>2,255.19</b>      |
| <b>Assets</b>                        |                      |                      |                      |                      |                      |
| Gross fixed assets                   | 1,307.43             | 1,307.43             | 1,307.43             | 1,307.43             | 1,307.43             |
| Less: accumulated depreciation       | (159.73)             | (297.77)             | (417.15)             | (520.48)             | (609.98)             |
| <b>Net fixed assets</b>              | <b>1,147.70</b>      | <b>1,009.66</b>      | <b>890.28</b>        | <b>786.95</b>        | <b>697.45</b>        |
| Preliminary expenses not written off | 26.15                | 19.61                | 13.07                | 6.53                 | –                    |
| Inventories                          | 124.15               | 134.29               | 144.44               | 154.61               | 164.79               |
| Trade receivables                    | 223.12               | 241.71               | 260.30               | 278.90               | 297.49               |
| Cash and bank balance                | 254.92               | 423.66               | 620.24               | 844.32               | 1,095.46             |
| <b>Total assets</b>                  | <b>1,776.04</b>      | <b>1,828.93</b>      | <b>1,928.33</b>      | <b>2,071.31</b>      | <b>2,255.19</b>      |

## 15 Depreciation

Fixed assets are depreciated on the written-down value method, at 15% a year for plant and machinery, 10% for building and 10% for other assets. Land carries no depreciation.

Preliminary and pre-operative expenses are written off in equal parts over five years.

| Particulars (₹ lakh)                                         | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|--------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Building and civil works (cost ₹375.68 lakh, 10% WDV)</b> |                      |                      |                      |                      |                      |
| Opening written-down value                                   | 375.68               | 338.11               | 304.30               | 273.87               | 246.48               |
| Depreciation                                                 | 37.57                | 33.81                | 30.43                | 27.39                | 24.65                |
| Closing written-down value                                   | 338.11               | 304.30               | 273.87               | 246.48               | 221.83               |
| <b>Plant and machinery (cost ₹760.64 lakh, 15% WDV)</b>      |                      |                      |                      |                      |                      |
| Opening written-down value                                   | 760.64               | 646.54               | 549.56               | 467.13               | 397.06               |
| Depreciation                                                 | 114.10               | 96.98                | 82.43                | 70.07                | 59.56                |
| Closing written-down value                                   | 646.54               | 549.56               | 467.13               | 397.06               | 337.50               |
| <b>Other fixed assets (cost ₹80.56 lakh, 10% WDV)</b>        |                      |                      |                      |                      |                      |
| Opening written-down value                                   | 80.56                | 72.50                | 65.25                | 58.73                | 52.86                |
| Depreciation                                                 | 8.06                 | 7.25                 | 6.52                 | 5.87                 | 5.29                 |
| Closing written-down value                                   | 72.50                | 65.25                | 58.73                | 52.86                | 47.57                |
| <b>Total depreciation</b>                                    | <b>159.73</b>        | <b>138.04</b>        | <b>119.38</b>        | <b>103.33</b>        | <b>89.50</b>         |
| Preliminary expenses written off                             | 6.54                 | 6.54                 | 6.54                 | 6.54                 | 6.53                 |

## 16 Term loan repayment

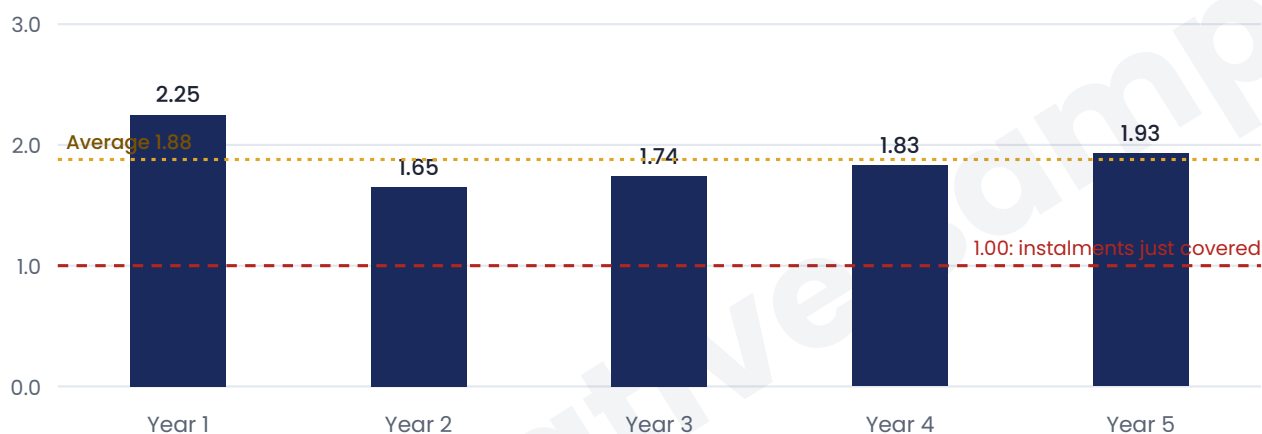
Repayment of the ₹1,056.26 lakh term loan starts after a moratorium of 6 months, during which interest at 10.5% is serviced. The loan is then cleared in 54 EMIs of ₹24,62,796 each, and the annexure gives the monthly schedule.

| Particulars (₹ lakh)   | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Opening balance        | 1,056.26             | 961.90               | 757.73               | 531.05               | 279.39               |
| Interest               | 108.86               | 91.36                | 68.86                | 43.88                | 16.14                |
| Principal repaid       | 94.36                | 204.17               | 226.68               | 251.66               | 279.39               |
| <b>Closing balance</b> | <b>961.90</b>        | <b>757.73</b>        | <b>531.05</b>        | <b>279.39</b>        | <b>—</b>             |

## 17 Debt service coverage

The debt service coverage ratio averages 1.88 over the repayment years, with a low of 1.65 in Year 2. A DSCR above 1 means the unit earns enough to meet its loan instalments, and the model keeps a margin above that in every year.

| Particulars (₹ lakh)                        | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net profit after tax                        | 183.01               | 250.86               | 319.88               | 388.44               | 457.08               |
| Depreciation and write-offs                 | 166.27               | 144.58               | 125.92               | 109.87               | 96.03                |
| Interest on term loan                       | 108.86               | 91.36                | 68.86                | 43.88                | 16.14                |
| <b>Total available for debt service (A)</b> | <b>458.14</b>        | <b>486.80</b>        | <b>514.66</b>        | <b>542.19</b>        | <b>569.25</b>        |
| Principal repayment                         | 94.36                | 204.17               | 226.68               | 251.66               | 279.39               |
| Interest on term loan                       | 108.86               | 91.36                | 68.86                | 43.88                | 16.14                |
| <b>Total debt service (B)</b>               | <b>203.22</b>        | <b>295.53</b>        | <b>295.54</b>        | <b>295.54</b>        | <b>295.53</b>        |
| <b>DSCR (A / B)</b>                         | <b>2.25</b>          | <b>1.65</b>          | <b>1.74</b>          | <b>1.83</b>          | <b>1.93</b>          |

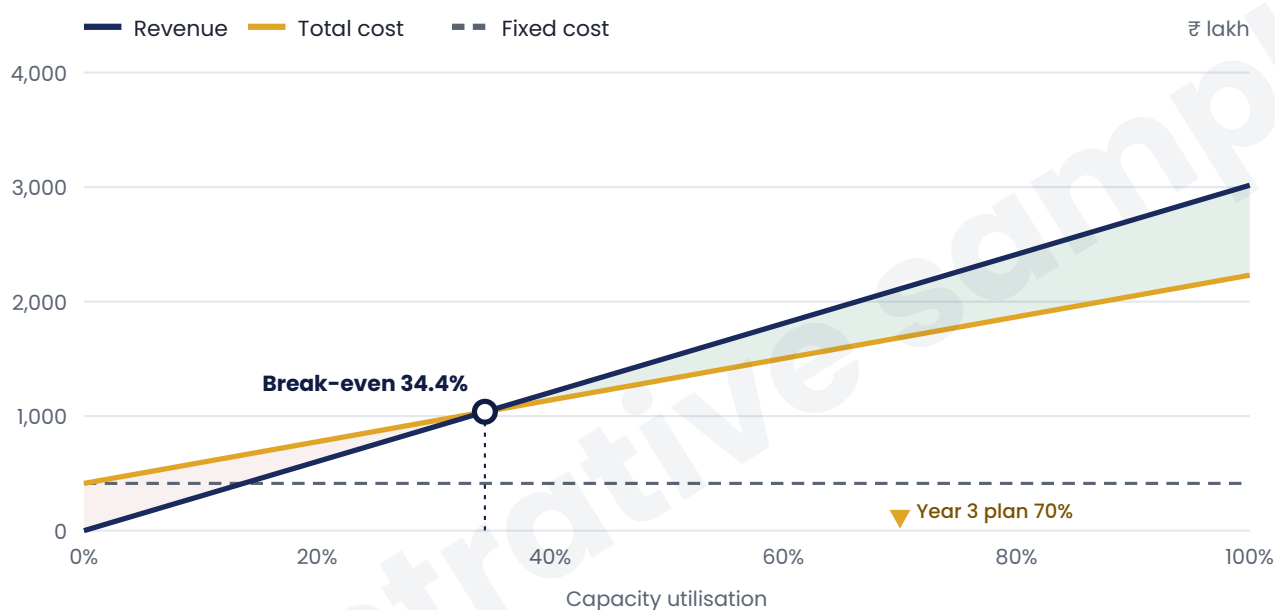


DSCR by year. A ratio above 1.00 means cash accruals cover the term loan instalments.

## 18 Break-even analysis

At Year 3 levels the unit breaks even at 34.4% of installed capacity, against planned utilisation of 70%. On a cash basis, leaving out depreciation and write-offs, break-even falls to 23.9%.

| Particulars (₹ lakh)                          | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|-----------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue from operations                       | 1,809.72             | 1,960.53             | 2,111.34             | 2,262.15             | 2,412.96             |
| Variable costs                                | 1,090.95             | 1,181.87             | 1,272.78             | 1,363.70             | 1,454.60             |
| <b>Contribution</b>                           | <b>718.77</b>        | <b>778.66</b>        | <b>838.56</b>        | <b>898.45</b>        | <b>958.36</b>        |
| Fixed costs (incl. depreciation and interest) | 474.76               | 444.18               | 412.06               | 380.53               | 348.92               |
| Break-even as % of installed capacity         | 39.6                 | 37.1                 | 34.4                 | 31.8                 | 29.1                 |
| Cash break-even as % of installed capacity    | 25.8                 | 25.0                 | 23.9                 | 22.6                 | 21.1                 |
| Break-even sales                              | 1,195.35             | 1,118.37             | 1,037.49             | 958.11               | 878.51               |



Break-even chart at Year 3 prices and costs, scaled to full capacity. Shaded areas show the loss zone (left) and profit zone (right).

## 19 Financial ratios

Liquidity and leverage improve over the projection. The current ratio stays at or above 2.16, while debt-equity drops from 1.89 to zero as the term loan is repaid.

| Ratio                                     | Year 1<br>FY 2027-28 | Year 2<br>FY 2028-29 | Year 3<br>FY 2029-30 | Year 4<br>FY 2030-31 | Year 5<br>FY 2031-32 |
|-------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Current ratio                             | 2.16                 | 2.80                 | 3.52                 | 4.29                 | 5.13                 |
| Quick ratio                               | 1.71                 | 2.33                 | 3.02                 | 3.77                 | 4.58                 |
| Debt-equity ratio (term loan / net worth) | 1.89                 | 0.99                 | 0.49                 | 0.19                 | 0.00                 |
| Total outside liabilities / net worth     | 2.44                 | 1.36                 | 0.75                 | 0.39                 | 0.16                 |
| Interest coverage ratio                   | 2.86                 | 3.94                 | 5.67                 | 8.80                 | 16.77                |
| DSCR                                      | 2.25                 | 1.65                 | 1.74                 | 1.83                 | 1.93                 |
| Gross profit margin (%)                   | 37.3                 | 37.5                 | 37.7                 | 37.8                 | 37.9                 |
| Operating profit (EBITDA) margin (%)      | 29.9                 | 30.2                 | 30.5                 | 30.7                 | 30.8                 |
| Net profit margin (%)                     | 10.1                 | 12.8                 | 15.2                 | 17.2                 | 18.9                 |
| Return on capital employed (%)            | 22.4                 | 25.9                 | 28.3                 | 29.6                 | 30.1                 |
| Break-even (% of installed capacity)      | 39.6                 | 37.1                 | 34.4                 | 31.8                 | 29.1                 |

## 20 Key assumptions

- Commercial production starts in April 2027, and all assets are in use from the first year.
- Capacity utilisation of 60% in Year 1, rising to 80% by Year 5, over 330 working days a year.
- Selling price of ₹914 per kg, excluding GST, held constant through the projection.
- Raw materials at 46.3% of sales, packing materials at 3.7%, power and fuel at 5.9%, and selling and distribution at 4.4%.
- Wages and salaries rise by 5% a year; repairs and administrative overheads rise by 5% a year.
- Working capital based on 30 days of raw material, 3 days of work in progress, 15 days of finished goods and 45 days of receivables, less 30 days of creditors.
- Term loan at 10.5% interest with a 6-month moratorium and 54 monthly instalments; cash credit at 11% on 75% of the working capital requirement.
- Depreciation on the written-down value method at Income Tax Act rates; income tax at a flat 25% of profit for simplicity.
- Contingency of 5% on building and machinery; preliminary and pre-operative expenses written off over five years.
- All amounts in ₹ lakh unless stated otherwise, excluding GST.

## 21 Conclusion

In summary, the sample project needs ₹1,408.35 lakh, breaks even at 34.4% of capacity in Year 3 and repays its term loan from its own cash flow, with a payback period of about 3.4 years. A report for an actual project replaces these representative figures with local land and building costs, machinery quotations and a market survey for the chosen location.

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This document is a computer-generated illustrative sample. The capacity, prices, costs and projections are representative assumptions for a typical small-scale unit and are not based on any specific project, location or quotation. Statutory requirements change and vary by state. Niir Project Consultancy Services accepts no liability for decisions taken on the basis of this sample.

## A Annexure: monthly loan repayment schedule

Term loan of ₹1,056.26 lakh at 10.5% a year. Amounts in ₹ lakh.

| No. | Month    | Opening balance | Interest | Principal | Instalment | Closing balance |
|-----|----------|-----------------|----------|-----------|------------|-----------------|
| 1   | Apr 2027 | 1,056.26        | 9.24     | –         | 9.24       | 1,056.26        |
| 2   | May 2027 | 1,056.26        | 9.24     | –         | 9.24       | 1,056.26        |
| 3   | Jun 2027 | 1,056.26        | 9.24     | –         | 9.24       | 1,056.26        |
| 4   | Jul 2027 | 1,056.26        | 9.24     | –         | 9.24       | 1,056.26        |
| 5   | Aug 2027 | 1,056.26        | 9.24     | –         | 9.24       | 1,056.26        |
| 6   | Sep 2027 | 1,056.26        | 9.24     | –         | 9.24       | 1,056.26        |
| 7   | Oct 2027 | 1,056.26        | 9.24     | 15.39     | 24.63      | 1,040.87        |
| 8   | Nov 2027 | 1,040.87        | 9.11     | 15.52     | 24.63      | 1,025.35        |
| 9   | Dec 2027 | 1,025.35        | 8.97     | 15.66     | 24.63      | 1,009.70        |
| 10  | Jan 2028 | 1,009.70        | 8.83     | 15.79     | 24.63      | 993.90          |
| 11  | Feb 2028 | 993.90          | 8.70     | 15.93     | 24.63      | 977.97          |
| 12  | Mar 2028 | 977.97          | 8.56     | 16.07     | 24.63      | 961.90          |
| 13  | Apr 2028 | 961.90          | 8.42     | 16.21     | 24.63      | 945.69          |
| 14  | May 2028 | 945.69          | 8.27     | 16.35     | 24.63      | 929.34          |
| 15  | Jun 2028 | 929.34          | 8.13     | 16.50     | 24.63      | 912.84          |
| 16  | Jul 2028 | 912.84          | 7.99     | 16.64     | 24.63      | 896.20          |
| 17  | Aug 2028 | 896.20          | 7.84     | 16.79     | 24.63      | 879.42          |
| 18  | Sep 2028 | 879.42          | 7.69     | 16.93     | 24.63      | 862.48          |
| 19  | Oct 2028 | 862.48          | 7.55     | 17.08     | 24.63      | 845.40          |
| 20  | Nov 2028 | 845.40          | 7.40     | 17.23     | 24.63      | 828.17          |
| 21  | Dec 2028 | 828.17          | 7.25     | 17.38     | 24.63      | 810.79          |
| 22  | Jan 2029 | 810.79          | 7.09     | 17.53     | 24.63      | 793.26          |
| 23  | Feb 2029 | 793.26          | 6.94     | 17.69     | 24.63      | 775.57          |
| 24  | Mar 2029 | 775.57          | 6.79     | 17.84     | 24.63      | 757.73          |
| 25  | Apr 2029 | 757.73          | 6.63     | 18.00     | 24.63      | 739.73          |
| 26  | May 2029 | 739.73          | 6.47     | 18.16     | 24.63      | 721.57          |
| 27  | Jun 2029 | 721.57          | 6.31     | 18.31     | 24.63      | 703.26          |
| 28  | Jul 2029 | 703.26          | 6.15     | 18.47     | 24.63      | 684.78          |
| 29  | Aug 2029 | 684.78          | 5.99     | 18.64     | 24.63      | 666.15          |
| 30  | Sep 2029 | 666.15          | 5.83     | 18.80     | 24.63      | 647.35          |
| 31  | Oct 2029 | 647.35          | 5.66     | 18.96     | 24.63      | 628.39          |
| 32  | Nov 2029 | 628.39          | 5.50     | 19.13     | 24.63      | 609.26          |
| 33  | Dec 2029 | 609.26          | 5.33     | 19.30     | 24.63      | 589.96          |
| 34  | Jan 2030 | 589.96          | 5.16     | 19.47     | 24.63      | 570.49          |
| 35  | Feb 2030 | 570.49          | 4.99     | 19.64     | 24.63      | 550.86          |
| 36  | Mar 2030 | 550.86          | 4.82     | 19.81     | 24.63      | 531.05          |
| 37  | Apr 2030 | 531.05          | 4.65     | 19.98     | 24.63      | 511.07          |
| 38  | May 2030 | 511.07          | 4.47     | 20.16     | 24.63      | 490.91          |
| 39  | Jun 2030 | 490.91          | 4.30     | 20.33     | 24.63      | 470.58          |

| No. | Month    | Opening balance | Interest | Principal | Instalment | Closing balance |
|-----|----------|-----------------|----------|-----------|------------|-----------------|
| 40  | Jul 2030 | 470.58          | 4.12     | 20.51     | 24.63      | 450.07          |
| 41  | Aug 2030 | 450.07          | 3.94     | 20.69     | 24.63      | 429.38          |
| 42  | Sep 2030 | 429.38          | 3.76     | 20.87     | 24.63      | 408.51          |
| 43  | Oct 2030 | 408.51          | 3.57     | 21.05     | 24.63      | 387.45          |
| 44  | Nov 2030 | 387.45          | 3.39     | 21.24     | 24.63      | 366.22          |
| 45  | Dec 2030 | 366.22          | 3.20     | 21.42     | 24.63      | 344.79          |
| 46  | Jan 2031 | 344.79          | 3.02     | 21.61     | 24.63      | 323.18          |
| 47  | Feb 2031 | 323.18          | 2.83     | 21.80     | 24.63      | 301.38          |
| 48  | Mar 2031 | 301.38          | 2.64     | 21.99     | 24.63      | 279.39          |
| 49  | Apr 2031 | 279.39          | 2.44     | 22.18     | 24.63      | 257.21          |
| 50  | May 2031 | 257.21          | 2.25     | 22.38     | 24.63      | 234.83          |
| 51  | Jun 2031 | 234.83          | 2.05     | 22.57     | 24.63      | 212.26          |
| 52  | Jul 2031 | 212.26          | 1.86     | 22.77     | 24.63      | 189.49          |
| 53  | Aug 2031 | 189.49          | 1.66     | 22.97     | 24.63      | 166.52          |
| 54  | Sep 2031 | 166.52          | 1.46     | 23.17     | 24.63      | 143.35          |
| 55  | Oct 2031 | 143.35          | 1.25     | 23.37     | 24.63      | 119.97          |
| 56  | Nov 2031 | 119.97          | 1.05     | 23.58     | 24.63      | 96.39           |
| 57  | Dec 2031 | 96.39           | 0.84     | 23.78     | 24.63      | 72.61           |
| 58  | Jan 2032 | 72.61           | 0.64     | 23.99     | 24.63      | 48.62           |
| 59  | Feb 2032 | 48.62           | 0.43     | 24.20     | 24.63      | 24.41           |
| 60  | Mar 2032 | 24.41           | 0.21     | 24.41     | 24.63      | –               |