

Project Details

TKT India Pvt . Ltd. (Promoted by Mr. Kedia, Mr. Tulsian and Mr. Thakkar) of Mumbai decided to set up manufacturing facility to manufacture product A & B at TTC Industrial Area as per following details

a. Project Cost

1. Land and Site Development – 4.00 Crores (Land already acquired at a cost of 3 Crores)
2. Building & Civil Work - 5.00 Crores
3. Plant & Machinery – 15.00 Crores
4. Misc. Fixed Assets – 3.00 Crores
5. Pre Operative Expenses - 1.50 Crores
6. Contingency will be 5% of Project Cost – Non Firm Portion

b. Means of Finance

1. Term Loan – 75% of Plant and Machinery, Misc. Fixed Assets and 60% of Land and Building to be repaid in 24 equal quarterly installment post 1 year of moratorium for construction / gestation period.
2. Balance by way of Share Capital and Unsecured Loan of 8 Crores from promoter's entity to be treated as quasi Equity.

c. Production Details

Commercial Production to start from 1st April 22 (360 Days in a year and 3 shift basis) as per following details

Installed Capacity – Product A – 1.5 Lakh ltr. Per month amounting to annual capacity of 18 Lakh ltrs. And Product B – 2 Lakh Ltr. Per month amounting to annual capacity of 24 Lakh Ltrs.

Capacity Utilisation – 1st Year 60%, 2nd Year – 70% and Third Year 80% and thereafter 5% Price growth year after year

Selling Price – Product A Rs. 500 Per Ltr and Product B Rs. 600 Per Ltr.

d. Costing Details – Direct Overhead

1. Raw Material Cost – Chemicals – for product A - 350 Per Ltr produced, for B 450 Per Ltr. Produced
2. Stores, Spares & Consumables – 50 Rs. Per Ltr for both A and B
3. Packing Material – Rs. 10 per ltr both A & B
4. Power, Fuel and Water – 1st Year average 10 Lakhs per month and then 10% incremental cost for 2nd and 3 year because of increase in produced qty.
5. Labor Cost – 50 Labors on an average Salary of 10,000 PM and hike of 10% year on year
6. Supervisor – 5 on an average salary of 30,000 PM and hike of 10% year on year
7. Insurance & Taxes is 0.5% of Project Cost
8. Other Factory Overheads – 1st Year, 2nd Year and 3rd Year = 7, 8 and 9 Lakhs Per Month respectively

e. Costing Details – Indirect Overhead

Salary – 5 Lakhs Per month – 10% increment year on year

Directors Remuneration – 4 Lakhs Per month – 10% increment year on year

Telephone, Stationery, Staff Welfare, Electricity – etc . 3 Lakhs per month –

Selling & Distribution – 5% of sales

f. Interest Cost

Term Loan interest 8.5% and W. Capital Loan at 8%. Average utilization is 90%.

g. Working Capital Cycle – Holding Period

Raw Material – 1 Month, Stock of Finished Goods – ½ Month, WIP – ¼ Month, Debtors – 3 Months and Creditors – 1 Month