



PROJECT REPORT ON VERMI COMPOST



Govt. of Uttarakhand

Directorate of Industries, Uttarakhand

Industrial Area Patel Nagar, Dehradun.

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PROJECT HIGHLIGHTS



PROPRIETOR : XXXXX
ADDRESS OF THE PROPRIETOR : YYYYY
DIST..... STATE.....
CONSTITUTION : PROPRIETORSHIP
CATEGORY OF UNIT : MICRO UNIT
FATHER NAME : XXXXXX
DATE OF BIRTH : XX-YY-ZZZZ
CATEGORY OF THE PROPRIETOR : XXXXXX
QUALIFICATION : XXXXXX
LOCATION OF UNIT : XXXXXX

PROPOSED PROJECT : VARMI COMPOST
NAME OF SCHEME : PRIME MINISTER'S EMPLOYMENT
GENERATION PROGRAMME
UNIT (OWN/RENTED) : OWNED/RENTED

(A) TOTAL COST OF PROJECT : Rs.25,00,000.00
(1) Fixed Capital : Rs.15,00,000.00
(2) Working Capital Limit : Rs.10,00,000.00

(B) MEANS OF FINANCE : Rs. 25,00,000.00
(1) Term Loan for Machinery : Rs.13,75,000.00
(2) Working Capital Limit : Rs. 10,00,000.00
(3) Promotor's Contribution : Rs. 1, 25,000.00

SUBSIDY UNDER PMEGP : Rs.8,75,000.00
EMPLOYMENT POTENTIAL : 15 PERSON
NORMAL WORKING HOUR : 8 HOUR

INTRODUCTION



Vermi compost is the product of the decomposition process using various species of worms, usually red wigglers, white worms, and other earthworms, to create a mixture of decomposing vegetable or food waste, bedding materials, and vermin cast. Vermicast is the end-product of the breakdown of organic matter by earthworms. Vermicomposting is a type of composting in which certain species of earthworms are used to enhance the process of organic waste conversion and produce a better end-product.

PROMOTER & MANAGEMENT

The promoter is reported to have good financial standing presently. The Promoters are actively associated with the implementation of the project. Promoter is over all in charge of the working of the unit.

MARKET AND DEMAND

Rising demand from agriculture farming for vermin compost is majorly driving the overall growth of this market. However, high maintenance expense under study period is limiting the growth of this market. High demand from several sectors such as home gardening and horticultural industry is anticipated to boost growth of this market in near future. Vermicompost, or vermiculture, most often uses two species of worms: Red Wigglers or Eudrilids. *Eugenie* rarely found in soil and are adapted to the special conditions in rotting vegetation, compost and manure piles. Vermicompost industry has much fragmented, manufacturers are mostly in the India and Southeast Asia. Among them, India Production value accounted for less than 9.50% of the total value of global Vermicompost.



MAJOR BENEFITS OF THE PROJECT

- I. Easy availability of material.
- II. Job opportunity for local people.

FURNITURE, FIXTURES ETC.

The total estimated cost of required Furniture & Fixtures would be Rs.- 1,00,000.00/-.

PREOPERATIVE EXPENSES

The total estimated cost of required Preoperative Expenses would be Rs. - 25,000/-.

PLANT, MACHINERY AND EQUIPMENTS

Plant, Machinery, Tools, Shed and other equipment's required for the proposed unit are available indigenously. The various items required for installation of Rs. 13,75,000/- details as per quotation attached herewith.

QUALITY CONTROL

The concern proposed to set up above unit for which provision testing equipment have been proposed in the project report.

TECHNICAL KNOW- HOW

The process for sale of products is simple and no sophisticated technology is involved. There is no requirement of any type of technical knowhow.



TRANSPORTATION

The proposed location is connected by road and near to the city. Thus the unit is not likely to face difficulty on account of transportation.

UTILITIES

a) **Power:**

The total connected load for the smooth operations of the unit has been estimated and Electricity connection will be obtained as per required load including lighting load if required.

b) **Water:**

The water will be available. Necessary provision for storage of water and water supply has been made in the project cost.

MANPOWER

The unit would require total manpower of person of different category. The details of salary/wages proposed to be paid together with annual Salary/wages bill is given in separate annexure.

DEPRECIATION

The depreciation on fixed assets has been computed in annexure of this project report in accordance with the admissibility of the same under the Income Tax Act, 1961.



TRAINING

Applicant has to complete two week EDP training specially designed for the purpose, which will be organized by KVIC/KVIB/DIC or the institution organized by or under the administration control of Minister of MSME or any other training center of repute before disbursement of loan by the bank. After the successfully completion of EDP training arranged by the KVIC/KVIB/DIC, the beneficiary will deposit his own contribution in the bank as per the guideline of scheme.

CAPITAL SUBSIDY UNDER PMEGP

Unit is eligible to get capital subsidy under Prime Minister Employment Generation Programme 35% of the total cost of the project (except cost of land). Total subsidy to be received Rs. 8,75,000/-

TERM LOAN AND WORKING CAPITAL LOAN PMEGP SCHEME

The unit proposed to have Term loan UNDER PMEGP of Rs. 13,75,000/- & working capital limit of Rs. 1,00,000/- Own contribution of unit will be Rs. 1,25,000/-, which is five percent of total cost of project. The total project cost will be Rs.25,00,000/-.

LOAN REPAYMENT SCHEDULE

Total Term Loan	:	Rs. 13,75,000/-
Total Duration	:	5 Years
From the next year		
Each yearly instalment	:	Rs. 275,000/-
Total instalments	:	Rs. 275,000*5 = Rs. 13,75,000/-

Total		Rs. 13,75,000/--
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INTEREST COMPUTATION



Interest computation is given in Annexure 6.

PROJECTED INCOME/PROFITABILITY

The projected Income & profitability statement has been shown in the attached profit & loss account. Projected Balance sheet for the next five years is also enclosed as here for the reference.

ECONOMIC VIABILITY

Based on the projections attached it is observed that sufficient revenue shall be generated through operations served & it indicates the economic viability of the proposal. Hence the project can be considered as economically favourable and viable.

CONCLUSION

Based on the grounds discussed aforesaid it is concluded that project is economically & feasibly viable and should be considered favourably.

**M/S VERMI COMPOST****ADDRESS: XXXXX****FINANCIAL ASPECTS OF THE PROJECT****FIXED CAPITAL****Plant & Machineries:**

S.No	Particulars	No.	Rate (Rs.)	Amount(Rs.)
1	Shovels, spades, crowbars, iron baskets, dung fork, buckets, bamboo baskets, trowel,	10	10000	100000
2	Plumbing and fitting tools	10	4000	40000
3	Power operated shredder	10	40000	400000
4	ieving machine with 3 wire mesh sieves- power operated with motor	5	50000	250000
5	Weighing scale	10	5000	50000
6	Weighing machine (platform type)	10	10000	100000
7	Bag sealing machine	10	5000	50000
8	Culture trays (plastic)	10	10000	100000
9	Wheel barrows -	5	12000	60000
10	Water provision – Borewell with hand pump, pipe, drippe	1	125000	125000
11	Electrical installation	1	100000	100000
	TOTAL			1375000



Other Fixed Assets:

S.No	Particulars	Amount (Rs.)
1	Furniture Counter Table, Godrej Almira, Chair & Table	90000
2	Other equipments like Ceilling Fans, Exhaust Fans, RO System, racks for raw material & partition, electrification etc.	10000
	TOTAL	100000

Preliminary & Pre-operative expenses:

S.No	Particulars	Amount (Rs.)
1	Transportation of Machinery	20000
2	Miscellaneous	5000
	TOTAL	25000

TOTAL FIXED CAPITAL

S.No	Particulars	Amount (Rs.)
1	Machinery and Equipments	1375000
2	Other Fixed Assets	100000
3	Preliminary and Pre Operative Expenses	25000
	TOTAL	1500000



WORKING CAPITAL

A- Raw Material (Per Month):

S.No	Particulars	Qty. MT	Rate /MT	Amount (Rs.)
1	Agricultural wastes MT	500	550	275000
2	Cow dung-MT	1000	250	250000
3	Packing Material			100000
	TOTAL			625000

B- Man power (Per Month):

S.No	Particulars	Qty. kg/ltr	Salary	Amount (Rs.)
1	Skill Manpower (Trainers)	10	15000	150000
2	Semi Skilled Manpower	10	10000	100000
	TOTAL			250000

C- Utilities (Per Month):

S.No	Particulars	Amount (Rs.)
1	Electricity	5000
2	Phone bill	5000
3	Rent	30000
4	Transportation	50000
	TOTAL	90000



D- Misc. or other expenses: (Per Month)

S.No	Particulars	Amount (Rs.)
1	Repair & Renewal	15000
2	Other	20000
	TOTAL	35000

TOTAL WORKING CAPITAL (Per Month)

S.No	Particulars	Amount (Rs.)
1	Raw Material	625000
2	Manpower	250000
3	Utilities	90000
4	Misc. Expenses	35000
	TOTAL	1000000

ANNUAL SALES REALISATION

S.No	Particulars	UOM	Qty.	Rate	Amount (Rs.)
1	Vermi Compost	MT	2000	4500	9000000
2	Sale of Worms @ 5 Kg/MT of compost	kg	10000	500	5000000
	Total				14000000



BREAK EVEN POINT
(BASED ON FIRST YEAR OF OPERATION)

S.No	FIXED COST	Amount (Rs.)	
1	Interest on loan	308750	
2	Depreciation	27050	
3	Man power expenses (40%)	1200000	
4	Operating expenses (40%)	750000	
	Total	2285800	
	BEP = Fixed Cost * 100	228580000	74.84
	Fixed Cost + Net		
	Profit	3054401	



M/S VERMI COMPOST					
ADDRESS: XXXXX Annexure-1					
PROJECTED BALANCE SHEET					
PARTICULARS	Operating Years				
	1st	2nd	3rd	4th	5th
<u>A-SOURCES:-</u>					
I) CAPITAL / OWN CONTRIBUTION	125	894	1897	2996	4181
ADD:- PROFIT	769	903	1003	1099	1186
TOTAL	894	1797	2900	4094	5367
<u>II) LOAN FUNDS</u>					
<u>SECURED LOANS</u>					
Term Loan from Bank	1100	825	550	275	0
C/C Limit from Bank	1000	1000	1000	1000	1000
TOTAL (A+B)	2994	3622	4450	5369	6367
<u>B- APPLICATION:-</u>					
<u>I) FIXED ASSETS</u>					
GROSS BLOCK	1500	1500	1500	1500	1500
LESS: ACC.DEPRICIATION	220	408	568	704	821
TOTAL	1280	1092	932	796	679
<u>II) CURRENT ASSETS LOANS & ADVANCES</u>					
PRELIMINERY EXPENSES	25	25	25	25	25
INVENTORIES	625	656	688	719	750
SUNDERY RECEIVABLES	1167	1225	1283	1342	1400
CASH & BANK BALANCES	547	1305	2229	3231	4296
LOANS & ADVANCES	125	150	180	200	220
TOTAL	2488	3361	4405	5517	6691
<u>III) CURRENT LIABILITIES & PROVISIONS</u>					
Sundry Creditors	625	656	688	719	750
Provision for Taxation	50	75	99	124	153
Expenses Payable	100	100	100	100	100
TOTAL	775	831	887	943	1003
<u>IV) NET CUREENT ASSETS (II-III)</u>					
TOTAL	1714	2530	3518	4573	5688
TOTAL	2994	3622	4450	5369	6367
Margin Money under PMEGP	875	875	875	-	-



M/S VERMI COMPOST					
ADDRESS: XXXXX			Annexture-2		
PROJECTED COST OF PRODCUTION AND PROFITABILITY					
Particulars	Operating Years				
	1st	2nd	3rd	4th	5th
Capacity Utilization	50%	55%	60%	65%	70%
A- INCOMES :					
GROSS RECEIPTS	14000	14700	15400	16100	16800
CLSOING STOCK	625	656	688	719	750
TOTAL (A)	14625	15356	16088	16819	17550
B- EXPENSES					
OPENING STCOK	0	625	656	688	719
PURCHASES AND CONSUMPTION	8125	7875	8250	8625	9000
SALARY & WAGES	3000	3150	3300	3450	3600
UTILITIES EXPENSES	1080	1134	1188	1242	1296
Total (B)	12205	12784	13394	14005	14615
C- GROSS PROFIT (A-B)	2420	2572	2693	2814	2935
ADMINISTRATIVE COST	420	441	462	483	504
SELLING & DISTRIBUTION EXPENSES	700	735	770	805	840
DEPRICIATION	220	188	160	136	117
FINANCIAL CHARGES					
Interest on Term Loan @11.75%	147	114	82	50	18
Interest on CC Limit @10%	100	100	100	100	100
Bank Charges	15	16	17	17	18
D-TOTAL	1602	1594	1591	1591	1597
E- PROFIT BEFORE TAX (C - D)	818	978	1103	1223	1339
F- PROVISION FOR TAXATION	50	75	99	124	153
G- NET PROFIT AFTER TAX	769	903	1003	1099	1186



M/S VERMI COMPOST					
ADDRESS: XXXXX ANNEXURE-3					
PROJECTED CASH FLOW STATEMENT					
PARTICULARS	Operating Years				
	1st	2nd	3rd	4th	5th
<u>A-SOURCE OF FUND</u>					
1. Increase in Capital	894	903	1,103	1,194	1,273
2. Increase in Term Loan	1375	-	-	-	-
3. Increase in C/C Limit	1000	-	-	-	-
5. Depreciation added back	220	188	160	136	117
6. Increase in Creditors	775	56	56	56	60
TOTAL (A)	4263	1148	1319	1387	1449
<u>B-DISPOSAL OF FUND</u>					
<u>I) FIXED ASSETS PURCHASED</u>					
1. Furniture & Fixtures	100	-	-	-	-
2. Plant & Machinery	1400	-	-	-	-
<u>II) CURRENT ASSETS</u>					
3. Increase in Stock	625	31	31	31	31
4. Increase in Debtors	1167	58	58	58	58
5. Increase in Preliminery Exp.	25				
6. Increase in Loans & Advances	125	25	30	20	20
<u>III) OTHERS</u>					
7. Payment of Term Loan	275	275	275	275	275
8. Decrease in Creditors	0				
TOTAL (B)	3717	390	395	385	385
Opening Cash & Bank Balance	0	547	1305	2229	3231
Surplus/(Deficit) (A - B)	547	758	925	1002	1065
Closing Cash & Bank Balance	547	1305	2229	3231	4296



M/S VERMI COMPOST			
ADDRESS: XXXXX ANNEXURE-3			
		Annexure-4	
COMPUTATION OF DEPRECIATION			
-			(Amount in '000')
Depreciation under WDV method:			
Particulars	Furniture & Fixture	Plant & Machinery	Total
Rate of Depreciation (as per I.Tax Act)	10%	15%	
Value of Assets at beginning	100.00	1400.00	1500.00
1st year Dep.	10.00	210.00	220.00
Balance at the end of 1st year	90.00	1190.00	1280.00
2nd year Dep.	9.00	179.00	188.00
Balance at the end of 2nd year	81.00	1011.00	1092.00
3rd year Dep.	8.00	152.00	160.00
balance at the end of 3rd year	73.00	859.00	932.00
4th year Dep.	7.00	129.00	136.00
balance at the end of 4th year	66.00	730.00	796.00
5th year Dep.	7.00	110.00	117.00



M/S VERMI COMPOST

ADDRESS : XXXXX

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PROJECTED FINANCIAL RATIOS

PARTICULARS		Operating Years					
		1 st	2 nd	3 rd	4 th	5 th	
1. CURRENT RATIO	CURRENT ASSETS	2488	3361	4405	5517	6691	
	CURRENT LIABILITIES	1775	1831	1887	1943	2003	
	=	1.40	1.84	2.33	2.84	3.34	
		TIMES	TIMES	TIMES	TIMES	TIMES	
2. GROSS PROFIT RATIO	GROSS PROFIT	2420	2572	2693	2814	2935	
	SALES	14000	14700	15400	16100	16800	
	=	17.29%	17.50%	17.49%	17.48%	17.47%	
3. NET PROFIT RATIO	NET PROFIT	818	978	1103	1223	1339	
	SALES	14000	14700	15400	16100	16800	
	=	5.84%	6.65%	7.16%	7.60%	7.97%	
4. DSCR	PAT+DEP.+INTT. ON TERM LOAN	1185	1281	1345	1409	1473	Average
	INTEREST+LOAN INSTALMENT	422	327	305	282	260	
	=	2.81	3.91	4.41	4.99	5.67	4.36
		TIMES	TIMES	TIMES	TIMES	TIMES	
5. INTT. COVERAGE RATIO	PAT+DEP.+INTT. INTEREST	1285	1381	1445	1509	1573	
	INTEREST	247	214	182	150	118	
	=	5.21	6.44	7.93	10.07	13.39	
		TIMES	TIMES	TIMES	TIMES	TIMES	



M/S VERMI COMPOST				
ADDRESS: XXXXX				
Loan Amount Rs.			1375000	Annexture-6
Rate of Interest			11.75%	
Tenure			5 Years	(Rs. In '000)
Sl.No.	Instalment	Interest	Principal	Balance Loan
1st Year	422	147	275	1100
2nd Year	389	114	275	825
3rd Year	357	82	275	550
4th Year	325	50	275	275
5th Year	293	18	275	0



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This project report is only for the purpose of reference and will give an idea and guidance to budding and existing entrepreneurs on how to prepare a project Report. The readers will come to know about the key components of a project. Every earnest-effort has been made in collecting the data and information available on the subject from different offline and online sources. This report (including any enclosures and attachments) has been prepared solely for the purpose for which it is provided.

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