



Model Detailed Project Report

POULTRY FEED MAKING UNIT

*Under the Formalization of Micro Food Processing Enterprises Scheme
(Ministry of Food Processing Industries, Government of India)*



Mash Feed



Crumble Feed



Pellet Feed

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1. The Project at a Glance

1. Name of the proposed project	:	Poultry Feed Making Unit
2. Name of the entrepreneur/FPO/SHG/Cooperative	:	
3. Nature of proposed project	:	Proprietorship/Company/Partnership
4. Registered office	:	
5. Project site/location	:	
6. Names of Partner (if partnership)	:	
7. No of share holders (if company/FPC)	:	
8. Technical advisor	:	
9. Marketing advisor/partners	:	
10. Proposed project capacity	:	360000 kg/annum(50,55,60,65,&70% capacity utilization in 1 st to 5 th Year respectively)
11. Raw materials	:	Grinded maize, Wheat offal, Maize offal, Groundnut cake meal, Soyabean meal, Fish meal, Soyabean cake, Bone meal , etc.. & packaging material
12. Major product outputs	:	Poultry Feed
13. Total project cost	:	Rs. 31.68 Lakh
• Land development, building & civil Construction	:	4 Lakh
• Machinery and equipments	:	Rs. 21.77 Lakh
• Other Fixed Assets	:	Rs. 2 Lakh
• Working capital margin	:	Rs.2.52 Lakh
• Contingencies	:	Rs. 1.39 Lakh
14. Working capital requirement		Rs. 7.56 Lakh
15. Means of Finance		
• Subsidy grant by MoFPI (max 10 lakhs)	:	Rs. 10.00 Lakh
• Promoter's contribution (min 20%)	:	Rs. 9.18 Lakh
• Term loan (45%)	:	Rs. 12.5 Lakh
16. Debt-equity ratio	:	1.07
17. Profit after Depreciation, Interest & Tax		
• 1 st year	:	2.00 Lakh
• 2 nd year	:	4.66 Lakh
• 3 rd year	:	6.59 Lakh
• 4 th year	:	8.63 Lakh
• 5 th year	:	10.73 Lakh
18. Average DSCR	:	2.67
19. Term loan repayment	:	5 Years with 6 months grace period

2. About the Project

2.1. Poultry Feed Making Unit

Poultry farming is the fastest-growing livestock sector in India. Poultry feed is the feedstock that is used for feeding the poultry for improving growth rate, obtaining high quality, and reduced mortality rate. The poultry feedstock is of different types depending on the finished product that is eggs or meat. Nowadays, the use of Poultry feedstock is found in almost every poultry farm, due to its cost-effectiveness and desirable results. As farming became more specialized, many farms kept flocks too large to be fed in this way, and nutritionally complete poultry feed were developed. Modern feeds for poultry consists largely of grain, protein supplements such as soybean oil meal, mineral supplements, and vitamin supplements. The quantity of feed, and the nutritional requirements of the feed, depend on the weight and age of the poultry, their rate of growth, their rate of egg production, the weather (cold or wet weather causes higher energy expenditure), and the amount of nutrition the poultry obtain from foraging. The feed must remain clean and dry contaminated feed can infect poultry.

2.2. Raw Material Requirements

Major raw materials are as follows:

Grinded maize, Wheat offal, Maize offal, Groundnut cake meal, soybean meal, Fish meal, Soybean cake, Bone meal, L-lysine, Table salt Vitamin premix etc.
Gunny bags, plastics bag etc. required for packaging of feed material.

2.3. Technology

IIFPT has all the advanced technical know on poultry feed making unit with respect to specific parameters' for getting good quality standards. These technologies are available through consultancy.

2.4. Market Demand and Supply

The market of poultry feed is a part of the vast animal feed market and it makes a major part of it as poultry is invariably consumed all over the world. By 2023, the global poultry feed industry is forecast to account for USD 157,715.1 million, from 2019 to 2023 CAGR of 6.9 percent is

expected. The Indian poultry feed industry, dependent on the sound growth of poultry has a great untapped potential, with southern part of India holding the maximum share of poultry production and consumption. Poultry feedstock is almost used in every poultry farm owing to its cost effective and desired results. However, with the advent of globalization and rise in the standard of living of consumers, companies are expanding in the emerging markets of the world with improved products and wide range of options for each animal group. Poultry meat is the highest among others such as pork, beef and fish meat. Therefore, vast opportunity lies in the poultry feed segment.

2.5. Marketing Strategy

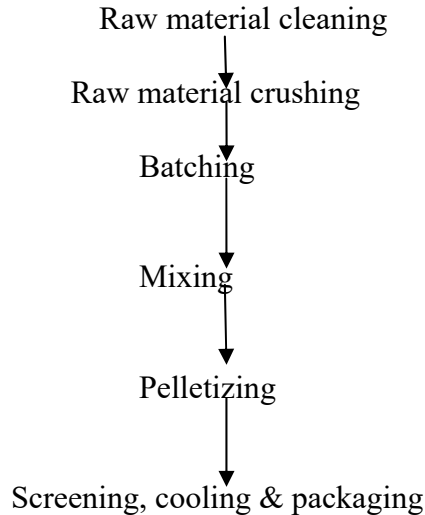
The increase in agricultural activities all over the world and in India especially the scope of poultry feed is very wide and good quality of feed will attract more customers and demands. Urban organized platforms such as departmental stores, malls, super markets can be attractive platforms to sell well packaged poultry feed. Processors can through different social advertisement techniques can built more demand for their product and can expand their business activities at initial as well as at subsequent level.

2.6. Manufacturing Process

- The different feed ingredients are taken in a batch mixer from the raw material storage godown in accordance with feed formulation.
- After mixing all raw materials is ground to a uniform particle size of 1 mm. The ground material is further mixed.
- The material used in feed formulation in similar quantities such as vitamins, minerals, urea, calcite powder, common salt, etc. are mixed in ribbon mixture using proper diluents and storage in one of the storage bin
- Ground material and molasses are mixed simultaneously in a twin-screw type mixture. Usually, molasses are added at the rate of 10% in the poultry feed.
- Molassed feed is mixed with the dry steam before pelleting.
- Steam acts as a conditioner to the feed and it helped to killing some pathogens.
- The temperature of steam feed is in the range of 75 to 80 degrees centigrade.

- Now, the steamed feed is converted to pellets by pressing it through a cylindrical die and press roller.
- Usually, 2 mm die used for is used for the production of pelleted feed for poultry.
- Pelleted feed thus produce is passed through pellet cooler before packaging in HDPR or gunny bags.

Process Flow:



2.7. Basic Project Assumptions

Capacity of Poultry Feed Making Unit: 360000 Kg/annum

Working hours per day : 8-10 hrs.

Working days per year : 300 days.

Interest on capital investment : 11% on term loan and working capital loan.

Repayment period : Five years with six months grace period is considered.

Utilization of capacity : 50% 1st year, 55% in 2nd year, 60% in 3rd year, 65% in 4th year & 70% 5th year onwards

Average prices of raw material : Rs. 18/Kg

Average sale price : Rs 32/Kg

2.8. Fixed Capital Investment

2.8.A. Land & Building

The DPR is for FME scheme to upgrade/formalize existing micro enterprises which already has land & built-up area. However, they can invest to expand the built-up area as required. So additional 1000 sq ft can be built in @ Rs. 400/sq ft. Therefore Civil work cost will be Rs 4 Lakhs (Approx.)

2.8.B. Machinery & Equipment: Following machinery and equipments are used:

Description	Rate	Unit	Amount
Grain Cleaning machine	85000	1	85000
Hammer Mill	100000	1	100000
Mixer Mill	95000	1	95000
Pellets Mill	485000	1	485000
Boiler	240000	1	240000
Conveyor System	140000	1	150000
Counter Flow cooler	250000	1	250000
Packing machine	400000	1	400000
Material handling equipments (trolley, bins, etc.)			40000
Total Amount			1845000
GST @18%			332100
Net Amount			2177100
Net Amount (Round off)			2177000

2.8.C. Other Fixed Assets:

i. Furniture and Fixtures	Rs. 2 Lakh
ii. Plastic trays capacity	
iii. Electrical fittings	

2.8.D. Total Fixed Capital Investment (A+B+C): Rs. 27.77 Lakh

2.9. Working Capital Requirement

Working capital is critical input in poultry feed making unit.

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(30 Days requirement)	5.76	6.73	7.56	8.42	9.32
Raw Material					
(30 Days requirement)	3.24	3.66	4.10	4.56	5.04
Closing Stock	9.00	10.40	11.66	12.99	14.36

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(25%)	Net Amount
Stock in Hand	9.00		
Less:			
Sundry Creditors	1.51		
Paid Stock	7.49	1.87	5.62
Sundry Debtors	2.59	0.65	1.94
Working Capital Requirement			7.56
Margin			2.52
MPBF			7.56
Working Capital Demand			7.56

2.10. Total Project Cost and Means of Finance

Particulars	Amount (Rs. in Lakhs)
i. Land and building	4
ii. Plant and machinery	21.77
iii. Other Fixed assets	2.00
iv. Working capital margin	2.52
v. Contingencies	1.39
Total project cost (i to v)	31.68
Means of finance	
i. Subsidy	10.00
ii. Promoter's contribution	9.18
iii. Term loan	12.5
Total Means of Finance(i to iii)	31.68

2.11. Manpower:

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled/Unskilled Worker		10,000.00	3	30,000.00
Helper		7,000.00	4	28,000.00
				-
				58,000.00
Add: 10% Fringe Benefit				5,800.00
Total Labour Cost Per Month				63,800.00
Total Labour Cost for the year (In Rs. Lakhs)			7	7.66

BREAK UP OF SALARY				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Accountant cum store keeper		15,000.00	1	15,000.00
Sales		12,000.00	1	12,000.00
Total Salary Per Month				27,000.00
Add: 5% Fringe Benefit				1,350.00
Total Salary for the month				28,350.00
Total Salary for the year (In Rs. Lakhs)			2	3.40

2.12. Financial Analysis:

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	20.39	23.84	26.94	30.57
Add: Additions	9.18	-	-	-	-
Add: Net Profit	2.00	4.66	6.59	8.63	10.73
Less: Drawings	0.80	1.20	3.50	5.00	7.00
Subsidy/Grant	10.00	-	-	-	-
Closing Balance	20.39	23.84	26.94	30.57	34.29
CC Limit	7.56	7.56	7.56	7.56	7.56
Term Loan	11.11	8.33	5.55	2.78	-
Sundry Creditors	1.51	1.71	1.92	2.13	2.35
TOTAL :	40.57	41.44	41.97	43.03	44.20
APPLICATION OF FUND					
Fixed Assets (Gross)	27.77	27.77	27.77	27.77	27.77
Gross Dep.	1.04	2.37	3.87	5.54	7.39
Net Fixed Assets	26.73	25.40	23.90	22.23	20.38
Current Assets					
Sundry Debtors	2.59	3.34	3.75	4.18	4.63
Stock in Hand	9.00	10.40	11.66	12.99	14.36
Cash and Bank	2.24	2.31	2.65	3.64	4.84
TOTAL :	40.57	41.44	41.97	43.03	44.20

PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	51.84	66.71	74.97	83.59	92.57
Total (A)	51.84	66.71	74.97	83.59	92.57
B) COST OF SALES					
Raw Material Consumed	32.40	36.63	41.04	45.63	50.40
Electricity Expenses	1.68	1.85	2.01	2.18	2.35
Repair & Maintenance	2.07	2.67	3.15	3.34	3.70
Labour & Wages	7.66	8.42	8.84	9.55	10.31
Packing & other overheads	1.04	1.33	1.50	1.67	1.85
Cost of Production	44.84	50.90	56.55	62.38	68.62
Add: Opening Stock /WIP	-	5.76	6.73	7.56	8.42
Less: Closing Stock /WIP	5.76	6.73	7.56	8.42	9.32
Cost of Sales (B)	39.08	49.93	55.72	61.51	67.72
C) GROSS PROFIT (A-B)	12.76	16.78	19.25	22.08	24.86
	24.60%	25.15%	25.68%	26.41%	26.85%
D) Bank Interest (Term Loan)	1.36	1.11	0.80	0.50	0.19
ii) Interest On Working Capital	0.83	0.83	0.83	0.83	0.83
E) Salary to Staff	3.40	4.08	4.90	5.88	6.76
F) Selling & Adm Expenses Exp.	1.30	2.27	2.55	2.84	3.05
G) Depreciation as per Schedule	3.87	3.32	2.85	2.44	2.10
TOTAL (D+E+F+G)	10.75	11.61	11.93	12.49	12.94
H) NET PROFIT	2.00	5.17	7.33	9.59	11.92
	3.9%	7.8%	9.8%	11.5%	12.9%
I) Taxation	-	0.52	0.73	0.96	1.19
J) PROFIT (After Tax)	2.00	4.66	6.59	8.63	10.73

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	9.18	-			
Reserve & Surplus	2.00	5.17	7.33	9.59	11.92
Depriciation & Exp. W/off	1.04	1.33	1.50	1.67	1.85
Increase In Cash Credit	7.56	-	-	-	-
Increase In Term Loan	12.50	-	-	-	-
Increase in Creditors	1.51	0.20	0.21	0.21	0.22
Subsidy/Grant	10.00	-	-	-	-
TOTAL :	43.79	6.71	9.03	11.47	13.99
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	27.77	-	-	-	-
Increase in Stock	9.00	1.40	1.27	1.32	1.38
Increase in Debtors	2.59	0.74	0.41	0.43	0.45
Repayment of Term Loan	1.39	2.78	2.78	2.78	2.78
Taxation	-	0.52	0.73	0.96	1.19
Drawings	0.80	1.20	3.50	5.00	7.00
TOTAL :	41.55	6.63	8.69	10.49	12.80
Opening Cash & Bank Balance	-	2.24	2.31	2.65	3.64
Add : Surplus	2.24	0.07	0.34	0.98	1.20
Closing Cash & Bank Balance	2.24	2.31	2.65	3.64	4.84

2.13. Depreciation Schedule:

COMPUTATION OF DEPRECIATION					
Description	Land	Building(Civil Work)	Plant & Machinery	Other Assets	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	4.00	21.77	2.00	27.77
	-	4.00	21.77	2.00	27.77
		-	-	-	-
TOTAL		4.00	21.77	2.00	27.77
Less : Depreciation	-	0.40	3.27	0.20	3.87
WDV at end of Ist year	-	3.60	18.50	1.80	23.90
Additions During The Year	-	-	-	-	-
	-	3.60	18.50	1.80	23.90
Less : Depreciation	-	0.36	2.78	0.18	3.32
WDV at end of IIInd Year	-	3.24	15.73	1.62	20.59
Additions During The Year	-	-	-	-	-
	-	3.24	15.73	1.62	20.59
Less : Depreciation	-	0.32	2.36	0.16	2.85
WDV at end of IIIrd year	-	2.92	13.37	1.46	17.74
Additions During The Year	-	-	-	-	-
	-	2.92	13.37	1.46	17.74
Less : Depreciation	-	0.29	2.01	0.15	2.44
WDV at end of IV year	-	2.62	11.36	1.31	15.30
Additions During The Year	-	-	-	-	-
	-	2.62	11.36	1.31	15.30
Less : Depreciation	-	0.26	1.70	0.13	2.10
WDV at end of Vth year	-	2.36	9.66	1.18	13.20

2.14. Repayment Schedule:

REPAYMENT SCHEDULE OF TERM LOAN					11.0%		
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	12.50	12.50	0.34	-	12.50
	Iind Quarter	12.50	-	12.50	0.34	-	12.50
	IIIrd Quarter	12.50	-	12.50	0.34	0.69	11.80
	Ivth Quarter	11.80	-	11.80	0.32	0.69	11.11
					1.36	1.39	
II	Opening Balance						
	Ist Quarter	11.11	-	11.11	0.31	0.69	10.41
	Iind Quarter	10.41	-	10.41	0.29	0.69	9.72
	IIIrd Quarter	9.72	-	9.72	0.27	0.69	9.03
	Ivth Quarter	9.03		9.03	0.25	0.69	8.33
					1.11	2.78	
III	Opening Balance						
	Ist Quarter	8.33	-	8.33	0.23	0.69	7.64
	Iind Quarter	7.64	-	7.64	0.21	0.69	6.94
	IIIrd Quarter	6.94	-	6.94	0.19	0.69	6.25
	Ivth Quarter	6.25		6.25	0.17	0.69	5.55
					0.80	2.78	
IV	Opening Balance						
	Ist Quarter	5.55	-	5.55	0.15	0.69	4.86
	Iind Quarter	4.86	-	4.86	0.13	0.69	4.17
	IIIrd Quarter	4.17	-	4.17	0.11	0.69	3.47
	Ivth Quarter	3.47		3.47	0.10	0.69	2.78
					0.50	2.78	
V	Opening Balance						
	Ist Quarter	2.78	-	2.78	0.08	0.69	2.08
	Iind Quarter	2.08	-	2.08	0.06	0.69	1.39
	IIIrd Quarter	1.39	-	1.39	0.04	0.69	0.69
	Ivth Quarter	0.69		0.69	0.02	0.69	0.00
					0.19	2.78	

2.15. Financial Ratios:

FINANCIAL RATIOS					
	I	II	III	IV	V
TURNOVER	51.84	66.71	74.97	83.59	92.57
GROSS PROFIT	12.76	16.78	19.25	22.08	24.86
G.P. RATIO	24.60%	25.15%	25.68%	26.41%	26.85%
NET PROFIT	2.00	5.17	7.33	9.59	11.92
N.P. RATIO	3.9%	7.8%	9.8%	11.5%	12.9%
CURRENT ASSETS	13.83	16.04	18.07	20.80	23.83
CURRENT LIABILITIES	9.07	9.27	9.48	9.69	9.91
CURRENT RATIO	1.52	1.73	1.91	2.15	2.40
TERM LOAN	11.11	8.33	5.55	2.78	-
TOTAL NET WORTH	10.39	13.84	16.94	20.57	24.29
DEBT/EQUITY	1.07	0.60	0.33	0.14	-
TOTAL NET WORTH	10.39	13.84	16.94	20.57	24.29
TOTAL OUTSIDE LIABILITIES	20.18	17.60	15.03	12.47	9.91
TOL/TNW	1.94	1.27	0.89	0.61	0.41
PBDIT	8.06	10.43	11.81	13.36	15.04
INTEREST	2.19	1.94	1.63	1.33	1.02
INTEREST COVERAGE RATIO	3.68	5.38	7.23	10.06	14.71
WDV	26.73	25.40	23.90	22.23	20.38
TERM LOAN	11.11	8.33	5.55	2.78	-
FACR	2.41	3.05	4.30	8.00	-

2.16. Breakeven Point Analysis:

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	51.84	66.71	74.97	83.59	92.57
Less : Op. WIP Goods	-	5.76	6.73	7.56	8.42
Add : Cl. WIP Goods	5.76	6.73	7.56	8.42	9.32
Total Sales	57.60	67.68	75.80	84.46	93.47
Variable & Semi Variable Exp.					
Raw Material & Tax	32.40	36.63	41.04	45.63	50.40
Electricity Exp/Coal Consumption at 85%	1.43	1.57	1.71	1.85	2.00
Wages & Salary at 60%	6.63	7.50	8.24	9.26	10.24
Selling & administrative Expenses 80%	1.04	1.81	2.04	2.27	2.44
ii) Interest On Working Capital	0.83	0.83	0.83	0.83	0.83
Repair & Maintenance	2.07	2.67	3.15	3.34	3.70
Packing & other overheads	1.04	1.33	1.50	1.67	1.85
Total Variable & Semi Variable Exp	45.44	52.35	58.52	64.86	71.47
Contribution	12.16	15.33	17.28	19.59	22.00
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.25	0.28	0.30	0.33	0.35
Wages & Salary at 40%	4.42	5.00	5.50	6.17	6.83
Interest on Term Loan	1.36	1.11	0.80	0.50	0.19
Depreciation	3.87	3.32	2.85	2.44	2.10
Selling & administrative Expenses 20%	0.26	0.45	0.51	0.57	0.61
Total Fixed Expenses	10.16	10.16	9.96	10.01	10.08
Capacity Utilization	50%	55%	60%	65%	70%
OPERATING PROFIT	2.00	5.17	7.33	9.59	11.92
BREAK EVEN POINT	42%	36%	35%	33%	32%
BREAK EVEN SALES	48.10	44.83	43.67	43.13	42.84

3. Limitations of the Model DPR and Guidelines for Entrepreneurs

3.1. 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.
- iv. This particular DPR is made on three components of means of finance i.e. grant, owner's contribution and loan/debt as followed in many central sector schemes. However, if the DPR is for credit linked subsidy then the calculation may slightly change without changes in the general structure and methodology adopted in the DPR.

3.2. Guidelines for the Entrepreneurs

- i. The success of any prospective food processing project depends on how closer the assumptions made in the initial stage are with the reality of the targeted market/place/situation. Therefore, the entrepreneurs must do its homework as realistic as possible on the assumed parameters.
- ii. This model DPR must be made more comprehensive by the entrepreneur by including information on the entrepreneur, forms and structure (proprietorship/partnership/cooperative/ FPC/joint stock company) of entrepreneur's business, project location, raw material base/contract sourcing, entrepreneurs own SWOT analysis, detailed market research, comprehensive dehydrated product mix based on demand, rationale of the project for specific location, community advantage/benefit from the project, employment generation, production/availability of the raw materials/crops in the targeted area/clusters and many more relevant aspects for acceptance and approval of the competent authority.

- iii. The entrepreneur must be efficient in managing the strategic, financial, operational, material and marketing aspects of a business. In spite of the assumed parameter being closely realistic, a project may become unsustainable if the entrepreneur does not possess the required efficiency in managing different aspects of the business and respond effectively in changing situations.
- iv. The machineries should be purchased after thorough market research and satisfactory demonstration.
- v. The entrepreneur must ensure uninterrupted quality raw materials' supply and maintain optimum inventory levels for uninterrupted operations management.
- vi. The entrepreneur must possess a strategic look to steer the business in upward trajectory.
- vii. The entrepreneur must maintain optimum (not more or less) inventory, current assets. Selecting optimum source of finance, not too high debt-equity ratio, proper capital budgeting and judicious utilization of surplus profit for expansion is must.
- viii. The entrepreneur must explore prospective markets through extensive research, find innovative marketing strategy, and maintain quality, adjust product mix to demand.
- ix. The entrepreneur must provide required documents on land, financial transaction, balance sheet, further project analysis as required by the competent authority for approval.
- x. The entrepreneur must be hopeful and remain positive in attitude.

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