

**Model DPR**

# **Industrial Park**



**An Initiative of North Eastern Council (NEC)**

**Implemented by North Eastern Development Finance Corporation Limited (NEDFi)**



## **INDUSTRIAL PARK**

### **Introduction**

Industrial Park is a large developed area of a city which is designed and constructed for the industries engaged in manufacturing to set up their workshop and work smoothly by providing plots or sheds. The sole purpose of such parks is to facilitate industrial growth by providing them the entire necessary infrastructure. The infrastructure of such parks is designed keeping in mind the industrial convenience. An Industrial Park not only provides the infrastructure but the facilities such as transportation, storage, airports, road connectivity, air conditioning, etc. It brings together the complementary services and facilities. The infrastructure includes roads and storm water drains, common water supply and distribution system, telecommunications, fire-fighting, sewage and industrial waste treatment and disposal, parking areas, tight security, etc.

### **Market Potential**

The main purpose of establishing such parks is to contribute towards the advancement of industries and the country. The establishment of such parks shall lead to increase in employment rate. Such parks contribute to both rural and urban development. The various tax benefits have been made available by the government. Such incentives encourage the entrepreneurs to take up such projects. There is a need for establishment of such parks to contribute to industries and hence, contribute to the nation as a whole.

### **Statutory Requirements**

- The minimum percentage of the area to be allocated for industrial use shall not be less than sixty six per cent of the total allocable area;
- Minimum 30 units to be provided in the Industrial Park;
- The percentage of land to be earmarked for commercial use shall not be more than ten per cent. of the allocable area;
- The minimum expenditure on infrastructure development including cost of construction of industrial space, shall not be less than 60% of the total project cost;

- Every undertaking being an industrial park shall obtain approval for Foreign Direct Investment or non-resident Indian investment from the Foreign Investment Promotion Board or Reserve Bank of India, or any authority specified under any law.

## Assumptions

### **Model DPR has been prepared based on following assumptions:**

- Land: Land is presumed to be owned (30 acre cost for 30 years).
- Area:
  - a. Proposed area for Industrial Park is 30 acres.
  - b. Allocable area for Industrial Park is 22 acres.
- Profitability: We have calculated the profitability on the basis of prevalent lease rental rate structure.
- Working Capital Margin is assumed to be 40% of the total working capital requirement.
- Cost of developing infrastructure includes Contour Map, Approach Road, Land Development Cost for Industrial Use, Industrial Boundary Wall (1 ft. height up to 12 ft.), Internal Roads and Drainage as per map, Water supply, and distribution (Internal water piping), Power supply including substation (direct connection with power grid), etc.
- Capacity utilization is 20% in the first year, 30% in the second and third years and 10% in the fourth and fifth years.
- Revenue includes Lease premium (30 years non-refundable deposit), Lease Rent and administrative and maintenance charges.
- All the plots will be allotted in the first 5 years, majorly in the first three years.
- Implementation period is assumed to be 24 months and term loan repayment period is assumed to be 7 years.
- Preliminary expenses include interest during preoperative period of Rs. lakhs.
- DSCR and BEP are unstable because of the unique revenue model.

## Cost of Project

Particulars	Amount (Rs. In Lakhs)
Owned Land (30 Acres)	0.00
Infrastructure Development Cost (as per annexure)	1979.42
Escalation & Contingencies	98.97
Preliminary & Preoperative Expenses	171.84
<b>Sub-total (A)</b>	<b>2250.23</b>
Working Capital Margin @ 40% total working capital requirement	43.24
<b>Total Project Cost</b>	<b>2293.47</b>
Total Working Capital Required <b>(B)</b> (25% of 1st Year Proj. Turnover)	108.10
<b>MEANS OF FINANCE</b>	
<b>Total Funds Required (A+B)</b>	<b>2358.33</b>
<u>Loan Component-</u>	
TERM LOAN (60% of A)	1350.14
WORKING CAPITAL (60% of B)	64.86
<b>Total</b>	<b>1415.00</b>
Equity	943.33
<b>Total</b>	<b>2358.33</b>

## Detailed Cost Element

Sl. No.	Particulars	Qty.	Rate	Amount (Rs. in Lakhs)
1	Contour Map	30 acres	LS	130.00
2	Approach Road	100 Metre	Rs. 300 lakhs per km	30.00
3	Land Development Cost for Industrial Use	30 acres	Rs. 100000 per acre	30.00
4	Industrial Boundary Wall (1 ft. height up to 12 ft.)	159306 sq ft	Rs 300 per sq ft	318.61
5	Internal Roads and Drainage as per map	0.9 km, 14 metre wide	Rs. 3000 per sqm	380.01
6	Common Office Building, reception, security	5000 sq ft	Rs. 14100 per sqm	14.10
7	Accommodation for security personnel (20 people)	88 sq mt	Rs. 15000 per sqm	13.20
8	Water supply, and distribution (Internal water piping)	100000 capacity	LS	50.00
9	Power supply including substation (direct connection with power grid)	11000 kv power substation	LS	500.00
10	Internal street lights (and cable connection)	250 No.	Rs. 5000 each	12.50
11	Storm water drains	1 km, 2 m wide	Rs. 10 lakhs per km	10.00
12	Construction of culvert works for natural water courses.	2 acre	LS	12.00
13	Water Harvesting Pits	1 acre	Rs. 10 lakhs per acre	10.00
14	Sewage Collection, treatment and disposal	-	LS	227.00
15	Avenue Plantation/ Greenery	1 acre	Rs. 15000 per acre	0.15
16	Solar panels for common facilities & commercial areas (only for power consumption of industrial area street lighting)	-	LS	50.00
17	Telephone Cabling and Network	-	LS	50.00
18	Staff maintenance expenses	35 people for 30 months	LS	25.00
19	SWM System	-	LS	15.00
20	Miscellaneous and other unforeseen activities	-	LS	1.60
21	Street Indication Board	-	LS	0.25
22	Weighing Bridge	60 tons capacity	LS	100.00
	<b>TOTAL</b>			<b>1979.42</b>

## Contingencies and Escalations

It has been assumed at approximately 5% at cost.

## Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.15
Project Report Preparation and Consultation	0.35
Feasibility and Engineer's/Architect's Report and Plans	49.49
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.10
Security Guard and others	29.75
Interest Cost for period before commercial operations	92.00
<b>Total</b>	<b>171.84</b>

## Salary

Designation	Manpower	Amount (Rs. In lakhs)
Engineer	2	12.00
State Manager	1	7.20
Supervisor	1	4.80
Accountant	2	9.12
Officer (For legal procedures)	1	4.80
Security guard	24	51.84

## Profitability Statement

	Amount (Rs. In Lakhs)						
Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5	Year- 6	Year- 7
<b><u>A. INCOME</u></b>							
Maximum Capacity (Acres per annum)	22	22	22	22	22	22	22
Percentage of Land allotted	20%	30%	30%	10%	10%	-	-
Land allotted (in acres)	4	7	7	2	2	0	0
Annual revenue	432.42	685.04	739.66	361.87	380.08	200.29	220.32
<b>Total revenue during the year</b>	<b>432.42</b>	<b>685.04</b>	<b>739.66</b>	<b>361.87</b>	<b>380.08</b>	<b>200.29</b>	<b>220.32</b>
<b><u>B. OPERATING EXPENSES</u></b>							
Salary	89.76	91.56	93.39	95.25	97.16	75.25	76.76
Repair & Maintenance	21.62	34.25	36.98	18.09	19.00	10.01	11.02
Depreciation and Amortization	103.65	103.65	103.65	103.65	103.65	69.28	69.28
<b>Total Operating Expenses</b>	<b>215.03</b>	<b>229.45</b>	<b>234.02</b>	<b>216.99</b>	<b>219.81</b>	<b>154.55</b>	<b>157.05</b>
<b>Operating Profit (A-B)</b>	<b>217.39</b>	<b>455.59</b>	<b>505.65</b>	<b>144.88</b>	<b>160.27</b>	<b>45.74</b>	<b>63.26</b>
<b><u>C. FINANCIAL EXPENSES</u></b>							
Interest on term loan	107.25	90.85	74.46	58.06	40.30	23.91	7.51
Interest on working capital	5.51	5.51	5.51	5.51	5.51	5.51	5.51
<b><u>D. Other Expenses</u></b>							
Administrative and general Expenses	17.30	27.40	29.59	14.47	15.20	8.01	8.81
<b>Total Expenses</b>	<b>130.06</b>	<b>123.77</b>	<b>109.56</b>	<b>78.05</b>	<b>61.02</b>	<b>37.43</b>	<b>21.84</b>
<b>Profit Before Tax</b>	<b>87.33</b>	<b>331.82</b>	<b>396.09</b>	<b>66.83</b>	<b>99.25</b>	<b>8.31</b>	<b>41.42</b>
Provision for Tax	21.83	82.95	99.02	16.71	24.81	2.08	10.36
<b>Profit after Tax (PAT)</b>	<b>65.50</b>	<b>248.86</b>	<b>297.07</b>	<b>50.12</b>	<b>74.44</b>	<b>6.23</b>	<b>31.07</b>
Dividend Declared	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Retained Profit</b>	<b>65.50</b>	<b>248.86</b>	<b>297.07</b>	<b>50.12</b>	<b>74.44</b>	<b>6.23</b>	<b>31.07</b>

## Breakeven Point

Amount (Rs. In Lakhs)								
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7
A.	Net Sales	432.42	685.04	739.66	361.87	380.08	200.29	220.32
B.	Total Variable Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C.	Contribution (A-B)	432.42	685.04	739.66	361.87	380.08	200.29	220.32
D.	Fixed Cost							
	Salary	89.76	91.56	93.39	95.25	97.16	75.25	76.76
	Repair & Maintenance	21.62	34.25	36.98	18.09	19.00	10.01	11.02
	Interest on term Loan	107.25	90.85	74.46	58.06	40.30	23.91	7.51
	Interest on WC Loan	5.51	5.51	5.51	5.51	5.51	5.51	5.51
	Depreciation & Amortisation	103.65	103.65	103.65	103.65	103.65	69.28	69.28
	Total Fixed Cost	327.79	325.82	313.99	280.57	265.63	183.97	170.08
E.	Breakeven Point	76%	48%	42%	78%	70%	92%	77%
F.	Cash BEP	52%	32%	28%	49%	43%	57%	46%

## Debt-Service Coverage Ratio

Amount (Rs. In Lakhs)								
SL.	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7
i	Profit	65.50	248.86	297.07	50.12	74.44	6.23	31.07
ii	Depreciation	103.65	103.65	103.65	103.65	103.65	69.28	69.28
iii	Interest on term loan	107.25	90.85	74.46	58.06	40.30	23.91	7.51
A	Total (i + ii + iii)	276.39	443.36	475.17	211.83	218.39	99.42	107.86
i	Interest on term loan	107.25	90.85	74.46	58.06	40.30	23.91	7.51
ii	Principal repayment	192.88	192.88	192.88	192.88	192.88	192.88	192.88
B	Total (i + ii)	300.12	283.73	267.34	250.94	233.18	216.79	200.39
	DSCR (A / B)	0.92	1.56	1.78	0.84	0.94	0.46	0.54



## Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 7 years, rate of interest being @ 8.5% with the moratorium period being 24 months.

## Address of Vendors

Name of Vendor	Address and Contact Number
D S Automation	Rasta Peth, Pune, Maharashtra
Siddhivinayak Engineering Company	Paldi Tin Rasta, Visnagar

## ANNEXURE - 1

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annually
I													
<b>Principal</b>													
Opening	1,350.14	1,334.06	1,317.99	1,301.92	1,285.84	1,269.77	1,253.70	1,237.63	1,221.55	1,205.48	1,189.41	1,173.33	
Repaid	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	192.88
Closing	1,334.06	1,317.99	1,301.92	1,285.84	1,269.77	1,253.70	1,237.63	1,221.55	1,205.48	1,189.41	1,173.33	1,157.26	
<b>Interest</b>	9.56	9.45	9.34	9.22	9.11	8.99	8.88	8.77	8.65	8.54	8.42	8.31	107.25
II													
<b>Principal</b>													
Opening	1,157.26	1,141.19	1,125.11	1,109.04	1,092.97	1,076.90	1,060.82	1,044.75	1,028.68	1,012.60	996.53	980.46	
Repaid	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	192.88
Closing	1,141.19	1,125.11	1,109.04	1,092.97	1,076.90	1,060.82	1,044.75	1,028.68	1,012.60	996.53	980.46	964.38	
<b>Interest</b>	8.20	8.08	7.97	7.86	7.74	7.63	7.51	7.40	7.29	7.17	7.06	6.94	90.85
III													
<b>Principal</b>													
Opening	964.38	948.31	932.24	916.16	900.09	884.02	867.95	851.87	835.80	819.73	803.65	787.58	
Repaid	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	192.88
Closing	948.31	932.24	916.16	900.09	884.02	867.95	851.87	835.80	819.73	803.65	787.58	771.51	
<b>Interest</b>	6.83	6.72	6.60	6.49	6.38	6.26	6.15	6.03	5.92	5.81	5.69	5.58	74.46
IV													
<b>Principal</b>													
Opening	771.51	755.43	739.36	723.29	707.21	691.14	675.07	659.00	642.92	626.85	610.78	594.70	
Repaid	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	192.88
Closing	755.43	739.36	723.29	707.21	691.14	675.07	659.00	642.92	626.85	610.78	594.70	578.63	
<b>Interest</b>	5.46	5.35	5.24	5.12	5.01	4.90	4.78	4.67	4.55	4.44	4.33	4.21	58.06
V													
<b>Principal</b>													
Opening	578.63	562.56	546.48	530.41	514.34	498.26	482.19	466.12	450.05	433.97	417.90	401.83	
Repaid	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	192.88
Closing	562.56	546.48	530.41	514.34	498.26	482.19	466.12	450.05	433.97	417.90	401.83	385.75	
<b>Interest</b>	3.98	3.87	3.76	3.64	3.53	3.42	3.30	3.19	3.07	2.96	2.85	2.73	40.30
VI													
<b>Principal</b>													
Opening	385.75	369.68	353.61	337.53	321.46	305.39	289.32	273.24	257.17	241.10	225.02	208.95	
Repaid	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	192.88
Closing	369.68	353.61	337.53	321.46	305.39	289.32	273.24	257.17	241.10	225.02	208.95	192.88	
<b>Interest</b>	2.62	2.50	2.39	2.28	2.16	2.05	1.94	1.82	1.71	1.59	1.48	1.37	23.91
VII													
<b>Principal</b>													
Opening	192.88	176.80	160.73	144.66	128.58	112.51	96.44	80.37	64.29	48.22	32.15	16.07	
Repaid	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	16.07	192.88
Closing	176.80	160.73	144.66	128.58	112.51	96.44	80.37	64.29	48.22	32.15	16.07	0.00	
<b>Interest</b>	1.25	1.14	1.02	0.91	0.80	0.68	0.57	0.46	0.34	0.23	0.11	0.00	7.51