

5 May 2008

### Detailed Project Report

A business plan requires a wide range of information to ensure that funds are granted for a project. The Detailed Project Report (DPR) is a part of the total business plan submitted to venture capitalists or financial institutions. It is the culmination of all analyses related to the project. The analyses - market and demand as well as technical and financial - are presented in the DPR in a systematic format. Other related information, like the background of promoters and the location of the company, is attached to the main report.

There is no set pattern for the DPR. The broad guidelines, however, are:

#### General information

The information provided in this section could be as follows:

- Name of the industrial concern
- Sector and constitution of the proposed company (e.g. whether it is public or private limited)
- Nature of the industry and product
- Name of the promoters and their contribution to the proposed project
- Cost of the project
- Means of finance

#### Promoters' details

The business and family background of the promoter(s) are mainly discussed under this heading. Previous business experience and performance, if any, will be explained here. The auditor's report of the previous business and the reason for closure will also be clarified. If the promoter(s) is currently working on a project that will help him/her with your project, note as such here.

#### Marketing and Selling Arrangements

The network of marketing and selling arrangements for the disposal of the product will be explained.

- Brief notes on the product, its major uses, the scope of the market, possible competition from substitutes
- Detailed notes on the existing and future demand
- Information on the export possibilities and the nature of the competition from foreign competitors
- Information about distribution, selling agents, and selling organizations
- Remuneration of selling agents, and relationship of the directors with the selling agents



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- Details regarding the trend in prices during the last five years

### **Particulars of the project**

- Product mix and capacity
- Location and site
- Plant and machinery
- Raw materials
- Utilities

### **Technical Arrangements**

The technical infrastructure required to start the project, and whether the promoters have any foreign collaborators on the project, will be explained here. The cost of buying or installing technical infrastructure and whether it is cost effective will be clarified under this heading.

### **Production Process**

Explain in detail the technical process that is being proposed. Enclose a copy of the process flow chart with material balance, utilities and process parameters.

### **Environmental Aspects**

The impact of discharging effluents of the production process into the environment, as well as precautions that have to be taken, will be dealt with in this area of the report

- Furnish details of the nature of atmospheric, soil and water pollution. Indicate whether necessary permissions for the disposal of effluents have been obtained
- Enclose a copy of approval from concerned authorities

### **Schedule of Implementation**

- Describe how design engineering, building, installation and commissioning of the project will be carried out
- Furnish the schedule of implementation

### **Cost of the Project**

The detailed break-up of all costs related to the project has to be listed here:

- Land
- Site development
- Buildings and other civil works
- Plant and machinery
- Technical know-how fees
- Technician fees



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- Miscellaneous Fixed Assets (MFA)
- Preliminary
- Preoperative expenses
- Provision for contingencies
- Margin money for working capital (give details of calculations)

### **Means of Finance**

The break up and sources of funds for the project are discussed:

- Equity - Promoters, financial institutions, public holdings, and others
- Preferred shares
- Subsidy (if any)
- Term loans
- Debentures
- Unsecured loans and deposits
- Deferred payments
- Internal accruals
- Bank borrowings
- Working capital
- Others

### **Profitability estimates**

- Assumptions
- Projected income statement
- Projected balance sheet
- Projected cash flow statement

### **Appraisal based on profitability estimates**

- Give estimates of costs of production and working results for the first 10 years
- Provide a cash flow statement for the company as a whole
- Provide a projected balance sheet for ten operating years
- Give the break even and sensitivity analysis for the project

### **Economic considerations**

- Give prices of competing import and export products, with break ups--FOB, CIF, and landed costs and selling prices.



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- Provide an explanation for differences in price between the product and those imported
- Give the international CIF/FOB prices of all inputs
- Brief write ups on the economic benefits to the region and country caused by the proposed project

### Appendices

- Estimate of the cost of production
- Calculation of depreciation
- Calculation of working capital and margin money for working capital
- Repayment / interest schedule of term loan and finance
- Calculation of tax
- Various coverage ratios
- Various evaluation techniques like NPV, IRR, NBCR, BCR, PI, DPB, etc.
- Sensitivity analysis