

APPLICANT'S INSTRUCTION SHEET

This instruction sheet allows you to focus on the key points during filling the application

APPLICANT BASIC DETAILS

1. New enterprises are not allowed to register a NON ODOP business
2. Number of New Employment that the Proposed Enterprises would Generate should be less or equal to 10
3. The enterprise should be unincorporated
4. As per the MSME definition, Micro enterprise is the one whose current investment in Plant and machinery is less than 1 crore and business turnover of present year is less than 5 crores
5. Applicants proposed/existing enterprise should be in the applicant's residence district
6. Applicants preferred bank should be in the residence district

VIEW UPLOAD DOCUMENTS TAB

1. Kindly upload all the required documents

FINANCIAL INPUT TAB

For historical financials existing enterprises are requested to fill at least two year of data.

Verify that all the mandatory details are visible and no data is filled beyond the obvious limit. Where ever mentioned “to be filled in annum” the amount has to be filled in yearly basis same with “to be filled in months”

1. Type of building section

Only following types of buildings are allowed

- a. Tin shed
- b. Asbestos shed
- c. Minor civil construction
- d. Flooring
- e. Storage

Concrete structure is not allowed under PMFME scheme

Remarks: If the building is on rent then it has to be entered in building rent section.

2. Financial details

Preliminary and preoperative cost are those expenses incurred prior or after incorporation of business but before start of business operations ex. Money paid to any professional, Licensing, Registration or Certification cost etc.

3. Sales details

Sales are to be added in annual basis and check if the applicant has not grouped any finished products while mentioning sales i.e., each and every product has to be mentioned separately.

4. Raw material details

Raw material is to be added in annual basis and check if the applicant has not grouped any finished products while mentioning cost i.e., each and every raw material is mentioned separately

Applicant can also add Packaging material in this section.

5. Wages

Enter data in following way:

- a. **Skilled worker** - Any worker who has special skill, training or Knowledge (e.g.- Accountant, Supervisor, Salesman, Machine Operator etc.
- b. **Unskilled worker** - Any worker who does not have special skill, training or Knowledge (e.g.- Labour, helper, cleaning staff etc.)

Wages is entered as per month per person

6. Working capital estimate

Working capital is total capital required to carry out one cycle of business from Raw stock to delivery of finished goods to receiving of credits.

- a. **Stock in Process (In Number of Days)** - Days in which the raw stock is lying in the process until it is converted into finished stock.
- b. **Finished Goods (In Number of Days)** - Days in which the finished goods are kept in inventory before being sold or distributed to the end user.
- c. **Receivable By (In Number of Days)** - No of days required in receiving the payment of goods or services delivered to customers.

Remarks: All the above are mandatory. If the applicant want loan on only on capital expenditure, he should still fill in this data and when the application in in bank portal the DRP or Applicant should convey the same to bank.

7. Miscellaneous expenditures

This is expenditure occurred under various heads mentioned during complete cycle of business; this is calculated as percentage of total sales.

8. Building Rent

If applicant is doing business in a rented building, then he has to mention monthly rental amount.

9. Rate of Interest

It is the rate charged as interest on the loan amount to the borrower by the lending bank

Applicant can contact the bank and ask the rate or if he/she doesn't have the facility to do so he/she can put interest rate as 11 %

10. Depreciation

It is the reduction in the value of any asset over time, due to normal wear and tear

Depreciation on building	Depreciation on machinery
10 %	15 %

11. Period in years required to repay back the loan – Applicant has to enter proposed number. of years, within which he/she can repay the loan

As per the guidelines, Subsidy is going be transferred from bank's transient account to applicants account only after 3 years from last tranche of loan disbursement. So kindly choose the minimum value accordingly.

Min	Max
1 year	10 years

12. Project implementation period – Time required in setting up the operations, no sales is generated in this period and hence this period is kept installment free. However, the applicant should keep project implementation period as small as possible.

Min	Max
1 month	9 months

PROJECTED FINANCIAL TAB

When you submit the financial input tab, a report will be generated containing all the projected financial calculations. This report can be downloaded from download report section. Verify that the financial input sheet is generating correct projected financials

Cost of Project

Verify Total capital expenditure, working capital and Total Cost of project is computed and visible.

These field should not show any zero or negative value.

Means of Financing

Applicants' contribution of the total project cost is computed automatically

Bank finance amount of term loan and working capital is computed automatically

Government subsidy is also calculated, govt subsidy is 35 % of Capital expenditure with a maximum capping of 10 lacks.

Term Loan

As per the Payback period, project implementation and interest rate mentioned by the applicant, his/her installments and interest rate against the proposed loan amount on total capital expenditure is computed

Term loan is the loan given on total capital expenditure i.e machinery, equipment etc

Working Capital

As per the Payback period, project implementation and interest rate mentioned by the applicant, his/her installments and interest rate against the proposed loan amount on working capital is computed

Working capital loan is the loan which is required to meet day to day expenditure of the business

Statement Showing the Depreciation on Fixed Assets

This section computes the total depreciation on building and machineries

Schedule of Sales Realization

Total annual sales are computed and it is computed as per the utilization capacity of the plant i.e., 70% for first year, 80 % for 2nd year and 90 % onwards

Raw Materials

Raw material cost, Wages, Repair and maintenance and power and fuel are added together to calculate Production cost

Administrative Expenses

Administrative expenses and building rent are added to calculate administrative cost

Capacity Utilization of Manufacturing & Administrative Expenses

In this section Production cost and administrative cost is computed as per the utilization capacity of the plant i.e., 70% for first year. 80 % for 2nd year and 90 % onwards.

Remember: Building rent is kept as it is and not computed as per the utilization capacity of the plant used in earlier calculations.

Assessment of Working Capital

Production cost and Administrative cost is added together to get Manufacturing cost.

Working Capital Estimate

Stock in process, finished cost and Receivable by are used to calculate Production cost and Manufacturing cost incurred during conversion of raw stock to finished goods finally reception of cash.

All of these are added to calculate total working capital which is mentioned in cost of project section and is used in calculation of total project cost

Profit & Loss Account

This section calculates everything as per the utilization capacity of the plant

In this section total depreciation is also added in the production cost and is termed as manufacturing expenses

Manufacturing expenses are added with administrative expenses to calculate total cost of sales i.e., cost incurred on the applicant during conversion of raw stock to finished goods finally reception of cash.

Annual Sales are subtracted from cost of sales to calculate net profit, ensure that the Net profit is positive i.e., the sales are more than the cost incurred

Calculation of Debt Service Credit Ratio

Average DSCR ratio is the measure of enterprise's ability to pay short term debt.

A lower ratio implies that the enterprise is more creditworthy because there are sufficient funds to make timely payments.

In case the Net Profit Ratio is positive and the DSCR Ratio is negative. It may be possible that you have entered a short tenure of the loan, kindly increase the repayment period. The repayment period should normally be in the range of 5-7 years.

Balance Sheet

Total assets and total liabilities are calculated in this section

Break Even Point and Ratio Analysis

Current ratio

It is used to measure enterprises liquidity

A ratio of more than 1 times suggests financial wellbeing of the company. However, a very high current ratio means that company is leaving excess cash unused rather than investing in growing its business.

Net profit ratio

Net profit is divided by sales to calculate this ratio.

It reveals the remaining profit after all cost have been deducted from the sales. Also known as net profit margin.

Net Profit Ratio must be at least 8% so that you can have the surplus to pay the EMI of the loan availed by you.

In case the Net Profit Ratio is less than 8%, kindly reassess the sales & cost figures and enter realistic figures.