

PROJECT REPORT

Of

DRIED BASIL LEAVES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Basil Leaves Processing unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **DRIED BASIL LEAVES**
- 6 Name of the project / business activity proposed : **BASIL LEAVES PROCESSING UNIT**
- 7 Cost of Project : Rs.24.18 Lakhs
- 8 Means of Finance
- Term Loan Rs.13.5 Lakhs
- Own Capital Rs.2.42 Lakhs
- Working Capital Rs.8.26 Lakhs
- 9 Debt Service Coverage Ratio : 2.90
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 28%
- 13 Employment : 16 Persons
- 14 Power Requirement : 14.00 HP
- 15 Major Raw materials : Freshly Harvested Basil Leaves
- 16 Estimated Annual Sales Turnover (Max Capacity) : 201.49 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	14.00
Furniture & Fixtures	1.00
Working Capital	9.18
Total	24.18

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.42
Working Capital(Finance)	8.26
Term Loan	13.50
Total	24.18

BASIL LEAVES PROCESSING UNIT

Introduction:

Basil belongs to the mint tribe. The most popular culinary basil is sweet basil. Basils have square, spreading branches, opposite leaves, brown or black seeds, and flower spikes as physical characteristics. Basils with large leaves, such as sweet basil, Italian basil, and lettuce-leaf basil, can reach a height of two to three feet. Basil with small leaves, such as lemon basil, dwarf basil, bush basil, or spicy globe basil, can achieve a height and width of 8 to 12 inches. Dark Opal and Purple Ruffles, for example, are reddish-purple varieties with purple flowers rather than white flowers. Despite slight taste differences, these varieties are used in food processing. When all danger of frost has gone, basil can be immediately seeded or transplanted to the field in late spring. Plants are arranged every six inches in rows 25 to 35 inches apart. Basil may also be planted in three-line rows in raised beds. Basil is sensitive to drought and needs constant watering. Drip irrigation is preferable because it reduces the amount of moisture that comes into contact with the trees, which causes damage to the vegetation.

The soil type, recent fertiliser applications, and previous crop type all influence how much basil needs to be fertilised. A nitrogen, phosphorus, and potassium fertiliser is recommended in general. Fertilizer can be scattered over a field and ploughed in, or it can be added in between the rows of a growing crop through a process known as "side dressing." Herbicides are normally not used until plant emergence as basil is cultivated commercially. For weed control, farmers rely on mechanical planting, high plant populations, mulch, and manual weed removal.



Uses & Market Potential:

Basil comes in over 60 different varieties, some of which are red or purple in colour, and each has its own distinct taste. Sweet basil is the most common and widely available variety, with many varieties to choose from. Because of its anise-like scent, Thai basil is used in many recipes. The purple stems and robust leaves differentiate it from sweet basil. Lemon basil, cinnamon basil, and spicy bush basil are examples of varieties named for the way they smell or taste. A large number of companies involved in the production of essential oils can be found in Europe and North America. As a result of this, the basil leaves market is expected to see massive demand from these regions in the coming years. Basil is an annual or perennial herb that is grown for its leaves. Basil is classified as an ultra-niche and high-value crop due to its common success as a medicinal plant with significant health benefits.

In recent years, North America has been the world's largest manufacturer of basil leaves. In 2019, the Asia Pacific industry accounted for 37.87 percent of the overall market, while Europe and North America accounted for 4.35 percent and 51.23 percent, respectively. The main suppliers in the global Basil Leaves industry include McCormick, Litehouse, Fresh Origins, Frontier Natural Products, Herbs Egypt, and others. The global Basil Leaves demand is forecast to rise at a CAGR of 1.3 percent between 2021 and 2026, from USD 57 million in 2020 to USD 62 million in 2026.

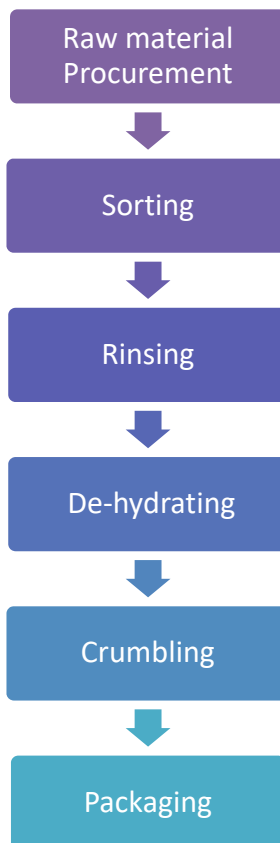
Product:

Dried Basil Leaves

Raw Material:

The only raw material that is used is freshly harvested leaves for Basil Leaves Processing Unit.

Manufacturing Process:



Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is

required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1200-1800Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Vegetables washing Machine	1	225000	225000
Dehydrator Machine	1	400000	400000
Coarse Grinding Machine	1	175000	175000
Packaging Machine	1	450000	450000
Material handling and other equipment's	-	150000	150000
Total Amount			1400000

Power Requirement- The estimated Power requirement is taken at 14 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-3
- Skilled/unskilled worker-4
- Helper-6
- Manager cum Accountant-1
- Sales Personnel-2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.52	5.50	8.59	12.52
Add: Additions	2.42	-	-	-	-
Add: Net Profit	4.80	6.18	7.69	9.43	11.04
Less: Drawings	3.70	4.20	4.60	5.50	6.50
Closing Balance	3.52	5.50	8.59	12.52	17.06
CC Limit	8.26	8.26	8.26	8.26	8.26
Term Loan	12.00	9.00	6.00	3.00	-
Sundry Creditors	3.24	3.86	4.49	5.16	5.85
TOTAL :	27.02	26.62	27.35	28.94	31.17
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	15.00	15.00	15.00	15.00	15.00
Gross Dep.	2.20	4.08	5.67	7.04	8.20
Net Fixed Assets	12.80	10.93	9.33	7.96	6.80
Current Assets					
Sundry Debtors	4.79	6.01	7.08	8.19	9.40
Stock in Hand	7.63	9.11	10.63	12.21	13.86
Cash and Bank	1.80	0.58	0.32	0.57	1.10
TOTAL :	27.02	26.62	27.35	28.94	31.17

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	102.60	128.85	151.69	175.60	201.49
Total (A)	102.60	128.85	151.69	175.60	201.49
<u>B) COST OF SALES</u>					
Raw Material Consumed	64.80	77.11	89.89	103.15	116.91
Electricity Expenses	0.94	1.10	1.25	1.41	1.57
Repair & Maintenance	2.57	3.22	3.79	4.39	5.04
Labour & Wages	17.39	21.74	26.08	30.78	35.70
Depreciation	2.20	1.88	1.60	1.36	1.16
Cost of Production	87.89	105.04	122.62	141.09	160.38
Add: Opening Stock /WIP	-	4.39	5.25	6.13	7.05
Less: Closing Stock /WIP	4.39	5.25	6.13	7.05	8.02
Cost of Sales (B)	83.50	104.18	121.74	140.17	159.41
C) GROSS PROFIT (A-B)	19.10	24.67	29.95	35.43	42.08
	18.62%	19.15%	19.74%	20.18%	20.88%
D) Bank Interest i) (Term Loan)	1.46	1.20	0.87	0.54	0.21
ii) Interest On Working Capital	0.91	0.91	0.91	0.91	0.91
E) Salary to Staff	10.08	12.30	14.76	16.97	19.69
F) Selling & Adm Expenses Exp.	1.85	3.61	4.85	6.15	8.06
G) TOTAL (D+E+F)	14.30	18.01	21.39	24.56	28.86
H) NET PROFIT	4.80	6.66	8.56	10.87	13.21
	4.7%	5.2%	5.6%	6.2%	6.6%
I) Taxation	-	0.48	0.87	1.44	2.17
J) PROFIT (After Tax)	4.80	6.18	7.69	9.43	11.04

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.42	-	-	-	-
Reserve & Surplus	4.80	6.66	8.56	10.87	13.21
Depreciation & Exp. W/off	2.20	1.88	1.60	1.36	1.16
Increase In Cash Credit	8.26	-	-	-	-
Increase In Term Loan	13.50	-	-	-	-
Increase in Creditors	3.24	0.62	0.64	0.66	0.69
TOTAL :	34.42	9.15	10.80	12.89	15.06
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.00	-	-	-	-
Increase in Stock	7.63	1.47	1.52	1.59	1.65
Increase in Debtors	4.79	1.23	1.07	1.12	1.21
Repayment of Term Loan	1.50	3.00	3.00	3.00	3.00
Taxation	-	0.48	0.87	1.44	2.17
Drawings	3.70	4.20	4.60	5.50	6.50
TOTAL :	32.62	10.37	11.05	12.64	14.53
Opening Cash & Bank Balance	-	1.80	0.58	0.32	0.57
Add : Surplus	1.80	- 1.22	- 0.26	0.25	0.53
Closing Cash & Bank Balance	1.80	0.58	0.32	0.57	1.10

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	4.39	5.25	6.13	7.05	8.02
<u>Raw Material</u>					
(15 Days requirement)	3.24	3.86	4.49	5.16	5.85
Closing Stock	7.63	9.11	10.63	12.21	13.86

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	7.63		
Less:			
Sundry Creditors	3.24		
Paid Stock	4.39	0.44	3.96
Sundry Debtors	4.79	0.48	4.31
Working Capital Requirement			8.26
Margin			0.92
MPBF			8.26
Working Capital Demand			8.26

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	13.50	13.50	0.37	-	13.50
	Iind Quarter	13.50	-	13.50	0.37	-	13.50
	IIIrd Quarter	13.50	-	13.50	0.37	0.75	12.75
	Ivth Quarter	12.75	-	12.75	0.35	0.75	12.00
					1.46	1.50	
II	Opening Balance						
	Ist Quarter	12.00	-	12.00	0.33	0.75	11.25
	Iind Quarter	11.25	-	11.25	0.31	0.75	10.50
	IIIrd Quarter	10.50	-	10.50	0.29	0.75	9.75
	Ivth Quarter	9.75	-	9.75	0.27	0.75	9.00
					1.20	3.00	
III	Opening Balance						
	Ist Quarter	9.00	-	9.00	0.25	0.75	8.25
	Iind Quarter	8.25	-	8.25	0.23	0.75	7.50
	IIIrd Quarter	7.50	-	7.50	0.21	0.75	6.75
	Ivth Quarter	6.75	-	6.75	0.19	0.75	6.00
					0.87	3.00	
IV	Opening Balance						
	Ist Quarter	6.00	-	6.00	0.17	0.75	5.25
	Iind Quarter	5.25	-	5.25	0.14	0.75	4.50
	IIIrd Quarter	4.50	-	4.50	0.12	0.75	3.75
	Ivth Quarter	3.75	-	3.75	0.10	0.75	3.00
					0.54	3.00	
V	Opening Balance						
	Ist Quarter	3.00	-	3.00	0.08	0.75	2.25
	Iind Quarter	2.25	-	2.25	0.06	0.75	1.50
	IIIrd Quarter	1.50	-	1.50	0.04	0.75	0.75
	Ivth Quarter	0.75	-	0.75	0.02	0.75	-
					0.21	3.00	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	7.00	8.06	9.29	10.79	12.20
Interest on Term Loan	1.46	1.20	0.87	0.54	0.21
Total	8.47	9.26	10.15	11.33	12.41
<u>REPAYMENT</u>					
Repayment of Term Loan	1.50	3.00	3.00	3.00	3.00
Interest on Term Loan	1.46	1.20	0.87	0.54	0.21
Total	2.96	4.20	3.87	3.54	3.21
DEBT SERVICE COVERAGE RATIO	2.86	2.21	2.63	3.20	3.87
AVERAGE D.S.C.R.			2.90		

Assumptions:

1. Production Capacity of Basil Leaves Processing unit is taken at 600 KG per day. First year, Capacity has been taken @ 30%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 15 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 14 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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