

# PROJECT REPORT

Of

# GARLIC POWDER

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Garlic Powder Making 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 : **GARLIC POWDER**
- 6 Name of the project / business activity proposed : **GARLIC POWDER UNIT**
- 7 Cost of Project : Rs.21.81 Lakhs
- 8 Means of Finance
- Term Loan Rs.13.41 Lakhs
- Own Capital Rs.2.18 Lakhs
- Working Capital Rs.6.22 Lakhs
- 9 Debt Service Coverage Ratio : 2.95
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 25%
- 13 Employment : 11 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Matured Garlic
- 16 Estimated Annual Sales Turnover (Max Capacity) : 151.12 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	13.90
Furniture & Fixtures	1.00
Working Capital	6.91
<b>Total</b>	<b>21.81</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	2.18
Working Capital(Finance)	6.22
Term Loan	13.41
<b>Total</b>	<b>21.81</b>

# **GARLIC POWDER MAKING UNIT**

## **Introduction:**

Garlic powder is a spice made by dehydrating and grinding garlic. When people make their own homes, they are usually more troublesome, and sanitary conditions cannot be ensured, so people can purchase high-quality garlic powder from professional garlic powder manufacturers. Garlic powder is a spice made from dehydrated garlic that is used to improve the taste of food. Garlic powder is made by drying and dehydrating the vegetable before powdering it with machines or home equipment, depending on the size of development. Garlic powder is a popular addition to spice blends. It's even used in a lot of seasoned salt. One of the reasons that so many people want to start a garlic powder company is because of this. Garlic powder is made by combining garlic oil with a carrier oil. It is used for health and growth promotion. Allicin can help animals produce more scent-producing amino acids, increase the aroma components in meat and eggs, and enhance the flavour of meat and eggs. Adding feed to livestock, poultry, and fish can increase disease tolerance and speed up development. It performs detoxification, promotes blood supply, and removes blood stasis, both of which help to reduce the toxicity of effective feed ingredients. Garlic is usually used as a condiment in various food preparations, but it is also used in many medical preparations as a carminative and gastric stimulant. It's used to flavour mayonnaise, tomato ketchup sauce, salad dressings, beef sausages, stews, spaghetti chutney, pickles, and other condiments. It assists in food digestion and absorption, has anthelmintic and antibacterial effects, and is used in a variety of herbal preparations due to these unique properties. Garlic powder production from raw garlic bulbs is a well-established industry in the United States and Europe, where its applications are well-known.



## **Uses & Market Potential:**

Garlic powder is an important part of Indian cuisine. It has been used as a condiment for over a century. It aids in food digestion and absorption, as well as having anathematic and antiseptic effects, and is used in a variety of medicinal preparations. Garlic is cultivated in many states around the world, with the major cultivators being M.P., U.P., Maharashtra, Haryana, and Gujarat. Garlic powder production. Garlic powder production from raw bulbs is a well-established industry in Europe and the United States, and it is now gaining momentum in India. Garlic powder has been prepared in a sanitary way. It is simple and easy to use, and it is commonly used in Indian cuisine, both vegetarian and non-vegetarian. It can be made everywhere, but for ease of sourcing, it should be limited to garlic-producing regions. Despite the fact that garlic is abundantly produced and eaten in India, little attempt has been made to manufacture dehydrated garlic and garlic powder, resulting in approximately 20% of the harvest being wasted due to respiration and microbial spoilage during raw garlic bulb storage. Garlic bulbs, garlic, and garlic powder are mainly exported from India to Bahrain, Kuwait, Muscat, Seychelles, the United States, Yemen Arab Republic, and a few European countries. Garlic is sourced from all over the state (Madhya Pradesh, Uttar Pradesh, Gujarat, Bihar, and Himachal Pradesh), as well as from China through Nepal. Farmers sell their products at this market as well. Wholesalers receive a 7% fee from farmers and assist them in selling their products. India

has 21 major integrated wholesale assembly markets. In addition to these regulated wholesale markets, all of the major garlic-producing states have a significant number of private and unorganized markets.

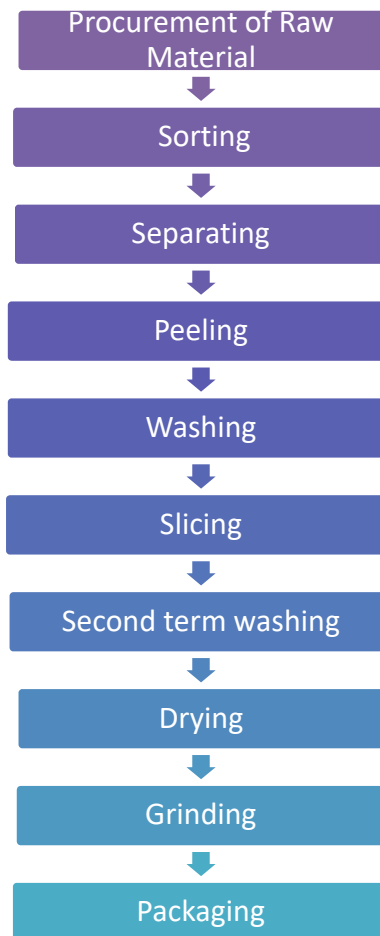
## **Product:**

Garlic Powder

## **Raw Material:**

Well matured yellow leaves garlic are used for making garlic powder with dry stems.

## **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:**

<b>Machine</b>	<b>Unit</b>	<b>Rate</b>	<b>Price</b>
Garlic Sorting Machine	1	250000	250000
Garlic Separating Machine	1	150000	150000
Garlic Peeling Machine	1	175000	175000
Garlic Washing Machine	1	135000	135000
Garlic Slicing Machine	1	115000	115000
Garlic Drying Machine	1	60000	60000
Grinding Machine	1	195000	195000
Packaging Machine	1	160000	160000
Material handling and other equipment's	-	150000	150000
<b>Total Amount</b>			<b>1390000</b>

**Power Requirement-** The estimated Power requirement is taken at 20 HP.

**Manpower Requirement-** Following manpower is required:

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

# FINANCIALS

**PROJECTED BALANCE SHEET**

PARTICULARS	I	II	III	IV	V
<b><u>SOURCES OF FUND</u></b>					
<b><u>Capital Account</u></b>					
Opening Balance	-	2.86	4.55	7.40	11.01
Add: Additions	2.18	-	-	-	-
Add: Net Profit	4.68	6.19	7.85	9.61	11.32
Less: Drawings	4.00	4.50	5.00	6.00	7.00
<b>Closing Balance</b>	<b>2.86</b>	<b>4.55</b>	<b>7.40</b>	<b>11.01</b>	<b>15.33</b>
CC Limit	6.22	6.22	6.22	6.22	6.22
Term Loan	11.92	8.94	5.96	2.98	-
Sundry Creditors	2.43	2.89	3.37	3.87	4.38
<b>TOTAL :</b>	<b>23.43</b>	<b>22.60</b>	<b>22.95</b>	<b>24.08</b>	<b>25.93</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>					
Fixed Assets ( Gross)	14.90	14.90	14.90	14.90	14.90
Gross Dep.	2.19	4.05	5.63	6.99	8.14
Net Fixed Assets	12.72	10.85	9.27	7.91	6.76
<b>Current Assets</b>					
Sundry Debtors	3.59	4.51	5.31	6.15	7.05
Stock in Hand	5.75	6.85	7.98	9.16	10.39
Cash and Bank	1.37	0.39	0.40	0.86	1.73
<b>TOTAL :</b>	<b>23.43</b>	<b>22.60</b>	<b>22.95</b>	<b>24.08</b>	<b>25.93</b>

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**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	76.95	96.64	113.76	131.70	151.12
<b>Total (A)</b>	<b>76.95</b>	<b>96.64</b>	<b>113.76</b>	<b>131.70</b>	<b>151.12</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	48.60	57.83	67.42	77.37	87.68
Electricity Expenses	1.34	1.57	1.79	2.01	2.24
Repair & Maintenance	1.92	2.42	2.84	3.29	3.78
Labour & Wages	12.35	15.44	18.52	21.86	25.35
Depreciation	2.19	1.86	1.59	1.35	1.15
<b>Cost of Production</b>	<b>66.40</b>	<b>79.11</b>	<b>92.16</b>	<b>105.88</b>	<b>120.21</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>3.32</b>	<b>3.96</b>	<b>4.61</b>	<b>5.29</b>
<b>Less: Closing Stock /WIP</b>	<b>3.32</b>	<b>3.96</b>	<b>4.61</b>	<b>5.29</b>	<b>6.01</b>
Cost of Sales (B)	63.08	78.48	91.51	105.20	119.49
<b>C) GROSS PROFIT (A-B)</b>	<b>13.87</b>	<b>18.16</b>	<b>22.25</b>	<b>26.50</b>	<b>31.63</b>
	<b>18.03%</b>	<b>18.79%</b>	<b>19.56%</b>	<b>20.12%</b>	<b>20.93%</b>
D) Bank Interest i) (Term Loan )	1.45	1.19	0.86	0.53	0.20
ii) Interest On Working Capital	0.68	0.68	0.68	0.68	0.68
E) Salary to Staff	5.67	6.92	8.30	9.55	11.07
F) Selling & Adm Expenses Exp.	1.39	2.71	3.64	4.61	6.04
<b>G) TOTAL (D+E+F)</b>	<b>9.19</b>	<b>11.50</b>	<b>13.49</b>	<b>15.37</b>	<b>18.01</b>
<b>H) NET PROFIT</b>	<b>4.68</b>	<b>6.67</b>	<b>8.77</b>	<b>11.13</b>	<b>13.62</b>
	<b>6.1%</b>	<b>6.9%</b>	<b>7.7%</b>	<b>8.5%</b>	<b>9.0%</b>
I) Taxation	-	0.48	0.91	1.52	2.30
<b>J) PROFIT (After Tax)</b>	<b>4.68</b>	<b>6.19</b>	<b>7.85</b>	<b>9.61</b>	<b>11.32</b>

**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	2.18	-	-	-	-
Reserve & Surplus	4.68	6.67	8.77	11.13	13.62
Depreciation & Exp. W/off	2.19	1.86	1.59	1.35	1.15
Increase In Cash Credit	6.22	-	-	-	-
Increase In Term Loan	13.41	-	-	-	-
Increase in Creditors	2.43	0.46	0.48	0.50	0.52
<b>TOTAL :</b>	<b>31.10</b>	<b>8.99</b>	<b>10.83</b>	<b>12.98</b>	<b>15.29</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	14.90	-	-	-	-
Increase in Stock	5.75	1.10	1.13	1.18	1.23
Increase in Debtors	3.59	0.92	0.80	0.84	0.91
Repayment of Term Loan	1.49	2.98	2.98	2.98	2.98
Taxation	-	0.48	0.91	1.52	2.30
Drawings	4.00	4.50	5.00	6.00	7.00
<b>TOTAL :</b>	<b>29.73</b>	<b>9.97</b>	<b>10.82</b>	<b>12.52</b>	<b>14.42</b>
Opening Cash & Bank Balance	-	1.37	0.39	0.40	0.86
Add : Surplus	1.37	0.98	0.01	0.46	0.87
Closing Cash & Bank Balance	<b>1.37</b>	<b>0.39</b>	<b>0.40</b>	<b>0.86</b>	<b>1.73</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(15 Days requirement)	3.32	3.96	4.61	5.29	6.01
<b><u>Raw Material</u></b>					
(15 Days requirement)	2.43	2.89	3.37	3.87	4.38
<b>Closing Stock</b>	<b>5.75</b>	<b>6.85</b>	<b>7.98</b>	<b>9.16</b>	<b>10.39</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	5.75		
Less:			
Sundry Creditors	2.43		
<b>Paid Stock</b>	<b>3.32</b>	<b>0.33</b>	<b>2.99</b>
Sundry Debtors	3.59	0.36	3.23
<b>Working Capital Requirement</b>			<b>6.22</b>
<b>Margin</b>			0.69
<b>MPBF</b>			<b>6.22</b>
<b>Working Capital Demand</b>			<b>6.22</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	13.41	13.41	0.37	-	13.41
	Iind Quarter	13.41	-	13.41	0.37	-	13.41
	IIIrd Quarter	13.41	-	13.41	0.37	0.75	12.67
	Ivth Quarter	12.67	-	12.67	0.35	0.75	11.92
					1.45	1.49	
<b>II</b>	Opening Balance						
	Ist Quarter	11.92	-	11.92	0.33	0.75	11.18
	Iind Quarter	11.18	-	11.18	0.31	0.75	10.43
	IIIrd Quarter	10.43	-	10.43	0.29	0.75	9.69
	Ivth Quarter	9.69		9.69	0.27	0.75	8.94
					1.19	2.98	
<b>III</b>	Opening Balance						
	Ist Quarter	8.94	-	8.94	0.25	0.75	8.20
	Iind Quarter	8.20	-	8.20	0.23	0.75	7.45
	IIIrd Quarter	7.45	-	7.45	0.20	0.75	6.71
	Ivth Quarter	6.71		6.71	0.18	0.75	5.96
					0.86	2.98	
<b>IV</b>	Opening Balance						
	Ist Quarter	5.96	-	5.96	0.16	0.75	5.22
	Iind Quarter	5.22	-	5.22	0.14	0.75	4.47
	IIIrd Quarter	4.47	-	4.47	0.12	0.75	3.73
	Ivth Quarter	3.73		3.73	0.10	0.75	2.98
					0.53	2.98	
<b>V</b>	Opening Balance						
	Ist Quarter	2.98	-	2.98	0.08	0.75	2.24
	Iind Quarter	2.24	-	2.24	0.06	0.75	1.49
	IIIrd Quarter	1.49	-	1.49	0.04	0.75	0.75
	Ivth Quarter	0.75		0.75	0.02	0.75	0.00
					0.20	2.98	

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

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	6.86	8.05	9.44	10.96	12.47
Interest on Term Loan	1.45	1.19	0.86	0.53	0.20
Total	8.32	9.24	10.30	11.49	12.68
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.49	2.98	2.98	2.98	2.98
Interest on Term Loan	1.45	1.19	0.86	0.53	0.20
Total	2.94	4.17	3.84	3.51	3.18
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.82</b>	<b>2.22</b>	<b>2.68</b>	<b>3.27</b>	<b>3.98</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.95</b>		

### **Assumptions:**

1. Production Capacity of Garlic Powder Making unit is taken at 450 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 20 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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