

PROJECT REPORT

Of

HANDMADE PICKLE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Handmade Pickle 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 : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **HANDMADE PICKLE**
- 6 Name of the project / business activity proposed : **HANDMADE PICKLE MAKING UNIT**
- 7 Cost of Project : Rs.6.84 Lakhs
- 8 Means of Finance
- Term Loan Rs.3.6 Lakhs
- Own Capital Rs.0.68 Lakhs
- Working Capital Rs.2.56 Lakhs
- 9 Debt Service Coverage Ratio : 4.87
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 31%
- 13 Employment : 13 Persons
- 14 Power Requirement : 5.00 HP
- 15 Major Raw materials : Vegetables,Lime,Salt,Turmeric Powder,Chilli
Powder,Cumin,Cardamom,Other spices & ingredients
- 16 Estimated Annual Sales Turnover (Max Capacity) : 111.05 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	3.50
Furniture & Fixtures	0.50
Working Capital	2.84
Total	6.84

MEANS OF FINANCE

Particulars	Amount
Own Contribution	0.68
Working Capital(Finance)	2.56
Term Loan	3.60
Total	6.84

HANDMADE PICKLE MAKING UNIT

Introduction:

Pickles are a delicacy that is made all around the world. Some people make it with fruits whereas some people use vegetables. Whatever the ingredients may be, it is a famous recipe and liked by all. For making pickles various equipments are required which includes one of the most important one, which is a pickle jar. Pickles have various importance:

- Helps digestion- Fermented pickles are full of good bacteria called pro-biotic, which are important for gut health.
- Fights diseases- Cucumbers are high in an antioxidant called beta-carotene, which your body turns into vitamin A.
- May ease muscle cramps.
- Curb sugar spikes.



Uses & Market Potential:

According to a report published in March 2018, the global pickles and pickle products market is expected to register of CAGR of 3.2% during the forecast period, 2018 to 2023. There is a moderate level of competition in the global market as the industry is scattered. Pickles by regional players using local products are preferred in the market. It is relatively easy for new entrants due to the trend of customer shifting from one brand in India include Aachi Foods, MTR foods, NEO Foods & craft foods.

Product:

Handmade Pickle

Raw Material:

The raw materials are mentioned below:

- Cauliflower, carrot, ginger, garlic, green chili, turnip, cucumber etc. are the primary raw material for the preparation of vegetables pickle.
- The secondary ingredients like salt, red chili powder, turmeric, black pepper, cardamom (large), cinnamon (powdered), cumin, aniseed powder, mustard, vinegar, and mustard oil are required.
- Good qualities of packaging bottle or plastic bags which are suitable for the packaging of pickles are required.

Manufacturing Process:



Selection of fresh vegetable like (cauliflower, carrot, ginger, garlic, green chili, turnip, cucumber etc.)



Washing done to remove impurities



Peeling for remove the outer skin of vegetables



Cutting into suitable slices



Blanching for inactivating the enzyme reaction



Preparation of spices by frying followed by grinding



Mixing the spices and salts with the vegetable and filling in a suitable jar



Put the jar under Sun Light for 7 day



Add the heated mustard oil after 7 days and pack the pickles for marketing

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 2000-2500Sqft.

Cost of Machines:

Machine	Quantity	Rate	Amount
Spice Grinder	2	85000	170000
Vegetable Slicer	2	65000	130000
Other equipment's	-	-	50000
Total Amount			350000

Power Requirement- The estimated Power requirement is taken at 5 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-5
- 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	-	1.44	2.47	3.39	4.26
Add: Additions	0.68	-	-	-	-
Add: Net Profit	2.25	3.03	3.92	4.87	5.70
Less: Drawings	1.50	2.00	3.00	4.00	4.80
Closing Balance	1.44	2.47	3.39	4.26	5.16
CC Limit	2.56	2.56	2.56	2.56	2.56
Term Loan	3.20	2.40	1.60	0.80	-
Sundry Creditors	1.53	1.82	2.12	2.44	2.76
TOTAL :	8.72	9.25	9.67	10.05	10.48
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	4.00	4.00	4.00	4.00	4.00
Gross Dep.	0.58	1.07	1.49	1.84	2.15
Net Fixed Assets	3.43	2.93	2.51	2.16	1.85
Current Assets					
Sundry Debtors	2.30	2.84	3.35	3.88	4.44
Stock in Hand	2.08	2.48	2.89	3.33	3.78
Cash and Bank	0.93	0.99	0.91	0.69	0.41
TOTAL :	8.72	9.25	9.67	10.05	10.48

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	57.42	71.04	83.67	97.00	111.05
Total (A)	57.42	71.04	83.67	97.00	111.05
<u>B) COST OF SALES</u>					
Raw Material Consumed	30.60	36.41	42.45	48.71	55.20
Electricity Expenses	0.34	0.39	0.45	0.50	0.56
Repair & Maintenance	0.86	1.07	1.26	1.46	1.67
Labour & Wages	14.62	17.83	21.04	24.41	28.07
Depreciation	0.58	0.49	0.42	0.36	0.31
Cost of Production	46.99	56.19	65.61	75.43	85.80
Add: Opening Stock /WIP	-	1.57	1.87	2.19	2.51
Less: Closing Stock /WIP	1.57	1.87	2.19	2.51	2.86
Cost of Sales (B)	45.42	55.89	65.30	75.11	85.46
C) GROSS PROFIT (A-B)	12.00	15.15	18.38	21.90	25.60
	20.90%	21.33%	21.96%	22.57%	23.05%
D) Bank Interest i) (Term Loan)	0.39	0.32	0.23	0.14	0.05
ii) Interest On Working Capital	0.28	0.28	0.28	0.28	0.28
E) Salary to Staff	7.81	9.53	11.44	13.50	15.65
F) Selling & Adm Expenses Exp.	1.26	1.99	2.51	3.10	3.55
G) TOTAL (D+E+F)	9.75	12.12	14.46	17.02	19.54
H) NET PROFIT	2.25	3.03	3.92	4.87	6.05
	3.9%	4.3%	4.7%	5.0%	5.5%
I) Taxation	-	-	-	-	0.35
J) PROFIT (After Tax)	2.25	3.03	3.92	4.87	5.70

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	0.68	-	-	-	-
Reserve & Surplus	2.25	3.03	3.92	4.87	6.05
Depreciation & Exp. W/off	0.58	0.49	0.42	0.36	0.31
Increase In Cash Credit	2.56	-	-	-	-
Increase In Term Loan	3.60	-	-	-	-
Increase in Creditors	1.53	0.29	0.30	0.31	0.32
TOTAL :	11.20	3.81	4.64	5.54	6.69
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	4.00	-	-	-	-
Increase in Stock	2.08	0.40	0.41	0.43	0.45
Increase in Debtors	2.30	0.54	0.51	0.53	0.56
Repayment of Term Loan	0.40	0.80	0.80	0.80	0.80
Taxation	-	-	-	-	0.35
Drawings	1.50	2.00	3.00	4.00	4.80
TOTAL :	10.27	3.75	4.72	5.76	6.97
Opening Cash & Bank Balance	-	0.93	0.99	0.91	0.69
Add : Surplus	0.93	0.07	- 0.08	- 0.22	- 0.28
Closing Cash & Bank Balance	0.93	0.99	0.91	0.69	0.41

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.57	1.87	2.19	2.51	2.86
<u>Raw Material</u>					
(5 Days requirement)	0.51	0.61	0.71	0.81	0.92
Closing Stock	2.08	2.48	2.89	3.33	3.78

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.08		
Less:			
Sundry Creditors	1.53		
Paid Stock	0.55	0.05	0.49
Sundry Debtors	2.30	0.23	2.07
Working Capital Requirement			2.56
Margin			0.28
MPBF			2.56
Working Capital Demand			2.56

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	3.60	3.60	0.10	-	3.60
	Iind Quarter	3.60	-	3.60	0.10	-	3.60
	IIIrd Quarter	3.60	-	3.60	0.10	0.20	3.40
	Ivth Quarter	3.40	-	3.40	0.09	0.20	3.20
					0.39	0.40	
II	Opening Balance						
	Ist Quarter	3.20	-	3.20	0.09	0.20	3.00
	Iind Quarter	3.00	-	3.00	0.08	0.20	2.80
	IIIrd Quarter	2.80	-	2.80	0.08	0.20	2.60
	Ivth Quarter	2.60		2.60	0.07	0.20	2.40
					0.32	0.80	
III	Opening Balance						
	Ist Quarter	2.40	-	2.40	0.07	0.20	2.20
	Iind Quarter	2.20	-	2.20	0.06	0.20	2.00
	IIIrd Quarter	2.00	-	2.00	0.06	0.20	1.80
	Ivth Quarter	1.80		1.80	0.05	0.20	1.60
					0.23	0.80	
IV	Opening Balance						
	Ist Quarter	1.60	-	1.60	0.04	0.20	1.40
	Iind Quarter	1.40	-	1.40	0.04	0.20	1.20
	IIIrd Quarter	1.20	-	1.20	0.03	0.20	1.00
	Ivth Quarter	1.00		1.00	0.03	0.20	0.80
					0.14	0.80	
V	Opening Balance						
	Ist Quarter	0.80	-	0.80	0.02	0.20	0.60
	Iind Quarter	0.60	-	0.60	0.02	0.20	0.40
	IIIrd Quarter	0.40	-	0.40	0.01	0.20	0.20
	Ivth Quarter	0.20		0.20	0.01	0.20	- 0.00
					0.05	0.80	

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>	2.83	3.52	4.34	5.23	6.01
Interest on Term Loan	0.39	0.32	0.23	0.14	0.05
Total	3.22	3.84	4.57	5.37	6.07
<u>REPAYMENT</u>					
Repayment of Term Loan	0.40	0.80	0.80	0.80	0.80
Interest on Term Loan	0.39	0.32	0.23	0.14	0.05
Total	0.79	1.12	1.03	0.94	0.86
DEBT SERVICE COVERAGE RATIO	4.07	3.43	4.43	5.70	7.10
AVERAGE D.S.C.R.			4.87		

Assumptions:

1. Production Capacity of Handmade Pickle making unit is taken at 400 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 5 and 10 days respectively.
4. Credit period to Sundry Debtors has been given for 12 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 5 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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