

PROJECT REPORT

Of

ISABGOL PROCESSING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Isabgol 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 : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **ISABGOL**
- 6 Name of the project / business activity proposed : **ISABGOL PROCESSING UNIT**
- 7 Cost of Project : Rs.19.79 Lakhs
- 8 Means of Finance
- Term Loan Rs.15.66 Lakhs
- Own Capital Rs.1.98 Lakhs
- Working Capital Rs.2.15 Lakhs
- 9 Debt Service Coverage Ratio : 2.10
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 34%
- 13 Employment : 10 Persons
- 14 Power Requirement : 18.00 KWH
- 15 Major Raw materials : Raw Psyllium seeds, Ethylene oxide and methyl bromide
- 16 Estimated Annual Sales Turnover (Max Capacity) : 61.32 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	16.40
Furniture & Fixtures	1.00
Working Capital	2.39
Total	19.79

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.98
Working Capital(Finance)	2.15
Term Loan	15.66
Total	19.79

ISABGOL PROCESSING UNIT

Introduction:

As most people know, psyllium is a herbesious plant. Isabgol, ispaghula, or isabgula are other names for it. Psyllium husk and psyllium powder are both made from this herb. Because the seeds of the ispaghula husk are indigestible, they provide soluble fiber. In the production and export of psyllium husk powder, India dominates the global market. On the global market, it accounts for about 80% of psyllium husk powder. Due to a number of factors, India has the upper hand in the isabgol game. Isabgol has been used in Ayurvedic medicine for thousands of years. Sweet, astringent, cooling, emollient, mucilaginous, diuretic, laxative, anti-inflammatory, antidysentic, expectorant, aphrodisiac, roborant, and tonic are some of the properties of the seeds. Stomach disorders, tri dosha, burning sensations, habitual constipation, strangury, gastritis, chronic diarrhoea, dysentery, and colonalgia are some of the most common conditions treated with Isabgol husk. Furthermore, it is now used in the food industry to make ice cream, candy, and other confections.



Uses & Market Potential:

Isabgol is one of the most important medicinal plants cultivated for its husk. Mucilage yields are about 25% or more of the total seed yield (by weight). Mucilage of Isabgol seed is often called Psyllium Husk. India ranks first in Isabgol production (98%) and the only international supplier of seed and husk. Isabgol is the leading foreign exchange producer of the country among medicinal plants (Rs.30 million dollars). It contains a

large number of proteins and husk, which produce colloidal mucilage, which is valued for medicinal use and used in medicine systems Ayurvedic, Unani and allopathic. The herb is grown in Rajasthan, Gujarat, Pradesh, and Haryana every year. The United States is the principal importer of Isabgol seed and husk. This crop is highly demanded export in the USA and Western Europe. Approximately 90% of its production is exported to those countries.

Product:

ISABGOL

Raw Material:

1. Raw Psyllium seeds
2. Ethylene oxide and methyl bromide are necessary for sterilization

Manufacturing Process:

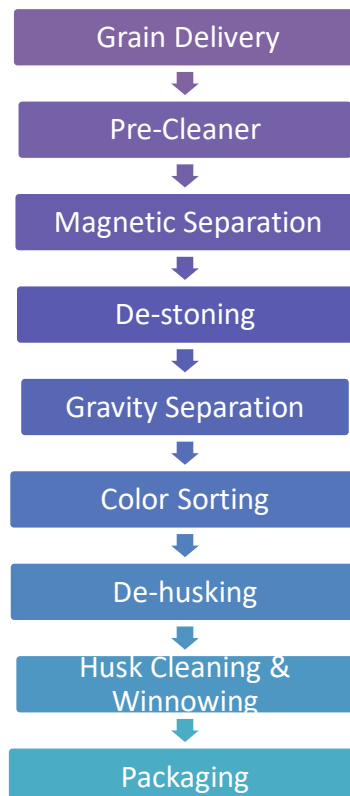


Fig. 1 – Process Flowchart

Area:

The approximate total area required for construction of shed is 3000-3500 Sq. ft. for smooth production including storage area.

Cost of Machines:

S No.	Machine	Price (INR)
1.	Vibrating Pre-Cleaner	1,20,000/-
2.	De-stoner	75,000/-
3.	Magnetic Separator	1,15,000/-
4.	Disk separator	65,000/-
5.	Colour sorting machine	1,80,000/-
6.	Dehusking Machine	1,60,000/-
7.	Husk Gravity Separator	1,95,000/-
8.	Packaging machine	3,80,000/-
9.	Material handling and other equipment's (Bins, trolley, conveyor, silos, weighing machine, bucket elevator etc.)	3,50,000/-
	Total	16,40,000/-

Power Requirement- The estimated Power requirement is taken at 18 KWH.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-4
- Helper- 2
- Machine Operator- 2
- Sales Personal and Accountant- 2

FINANCIALS

<u>PROJECTED BALANCE SHEET</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.09	3.10	5.04	7.35
Add: Additions	1.98	-	-	-	-
Add: Net Profit	2.81	4.41	5.84	7.01	8.74
Less: Drawings	2.70	3.40	3.90	4.70	6.10
Closing Balance	2.09	3.10	5.04	7.35	9.99
CC Limit	2.15	2.15	2.15	2.15	2.15
Term Loan	13.92	10.44	6.96	3.48	-
Sundry Creditors	0.29	0.33	0.38	0.42	0.47
TOTAL :	18.45	16.02	14.53	13.41	12.62
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	17.40	17.40	17.40	17.40	17.40
Gross Dep.	2.56	4.74	6.60	8.18	9.53
Net Fixed Assets	14.84	12.66	10.80	9.22	7.87
Current Assets					
Sundry Debtors	1.18	1.40	1.61	1.82	2.04
Stock in Hand	1.50	1.74	1.99	2.25	2.52
Cash and Bank	0.93	0.22	0.13	0.12	0.18
TOTAL :	18.45	16.02	14.53	13.41	12.62
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	35.26	42.07	48.20	54.61	61.32
Total (A)	35.26	42.07	48.20	54.61	61.32
<u>B) COST OF SALES</u>					
Raw Material Consumed	8.64	9.94	11.28	12.67	14.11
Electricity Expenses	1.61	1.81	2.01	2.22	2.42
Repair & Maintenance	1.06	1.26	1.45	1.64	1.84
Labour & Wages	10.08	12.00	14.39	16.55	19.04
Depreciation	2.56	2.18	1.86	1.58	1.35
Cost of Production	23.95	27.19	30.99	34.66	38.75
Add: Opening Stock /WIP	-	1.22	1.41	1.61	1.83
Less: Closing Stock /WIP	1.22	1.41	1.61	1.83	2.05
Cost of Sales (B)	22.73	27.00	30.79	34.45	38.53
C) GROSS PROFIT (A-B)	12.53	15.08	17.41	20.16	22.79
	35.53%	35.83%	36.12%	36.92%	37.16%
D) Bank Interest i) (Term Loan)	1.70	1.39	1.00	0.62	0.24
ii) Interest On Working Capital	0.24	0.24	0.24	0.24	0.24
E) Salary to Staff	5.67	6.52	7.43	8.33	8.74
F) Selling & Adm Expenses Exp.	2.12	2.52	2.89	3.28	3.68
G) TOTAL (D+E+F)	9.72	10.67	11.57	12.46	12.90
H) NET PROFIT	2.81	4.41	5.84	7.70	9.89
	8.0%	10.5%	12.1%	14.1%	16.1%
I) Taxation	-	-	-	0.69	1.15
J) PROFIT (After Tax)	2.81	4.41	5.84	7.01	8.74

<u>PROJECTED CASH FLOW STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.98	-			
Reserve & Surplus	2.81	4.41	5.84	7.70	9.89
Depreciation & Exp. W/off	2.56	2.18	1.86	1.58	1.35
Increase In Cash Credit	2.15				
Increase In Term Loan	15.66	-	-	-	-
Increase in Creditors	0.29	0.04	0.04	0.05	0.05
TOTAL :	25.45	6.63	7.75	9.33	11.29
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.40	-	-	-	-
Increase in Stock	1.50	0.23	0.25	0.26	0.27
Increase in Debtors	1.18	0.23	0.20	0.21	0.22
Repayment of Term Loan	1.74	3.48	3.48	3.48	3.48
Taxation	-	-	-	0.69	1.15
Drawings	2.70	3.40	3.90	4.70	6.10
TOTAL :	24.52	7.34	7.83	9.35	11.22
Opening Cash & Bank Balance	-	0.93	0.22	0.13	0.12
Add : Surplus	0.93	- 0.71	- 0.09	- 0.01	0.07
Closing Cash & Bank Balance	0.93	0.22	0.13	0.12	0.18

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.22	1.41	1.61	1.83	2.05
<u>Raw Material</u>					
(10 Days requirement)	0.29	0.33	0.38	0.42	0.47
Closing Stock	1.50	1.74	1.99	2.25	2.52

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	1.50		
Less:			
Sundry Creditors	0.29		
Paid Stock	1.22	0.12	1.09
Sundry Debtors	1.18	0.12	1.06
Working Capital Requirement			2.15
Margin			0.24
MPBF			2.15
Working Capital Demand			2.15

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	15.66	15.66	0.43	-	15.66
	Iind Quarter	15.66	-	15.66	0.43	-	15.66
	IIIrd Quarter	15.66	-	15.66	0.43	0.87	14.79
	Ivth Quarter	14.79	-	14.79	0.41	0.87	13.92
						1.70	1.74
II	Opening Balance						
	Ist Quarter	13.92	-	13.92	0.38	0.87	13.05
	Iind Quarter	13.05	-	13.05	0.36	0.87	12.18
	IIIrd Quarter	12.18	-	12.18	0.33	0.87	11.31
	Ivth Quarter	11.31		11.31	0.31	0.87	10.44
						1.39	3.48
III	Opening Balance						
	Ist Quarter	10.44	-	10.44	0.29	0.87	9.57
	Iind Quarter	9.57	-	9.57	0.26	0.87	8.70
	IIIrd Quarter	8.70	-	8.70	0.24	0.87	7.83
	Ivth Quarter	7.83		7.83	0.22	0.87	6.96
						1.00	3.48
IV	Opening Balance						
	Ist Quarter	6.96	-	6.96	0.19	0.87	6.09
	Iind Quarter	6.09	-	6.09	0.17	0.87	5.22
	IIIrd Quarter	5.22	-	5.22	0.14	0.87	4.35
	Ivth Quarter	4.35		4.35	0.12	0.87	3.48
						0.62	3.48
V	Opening Balance						
	Ist Quarter	3.48	-	3.48	0.10	0.87	2.61
	Iind Quarter	2.61	-	2.61	0.07	0.87	1.74
	IIIrd Quarter	1.74	-	1.74	0.05	0.87	0.87
	Ivth Quarter	0.87		0.87	0.02	0.87	0.00
						0.24	3.48

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>	5.37	6.59	7.70	8.60	10.09
Interest on Term Loan	1.70	1.39	1.00	0.62	0.24
Total	7.07	7.98	8.71	9.22	10.33
<u>REPAYMENT</u>					
Repayment of Term Loan	1.74	3.48	3.48	3.48	3.48
Interest on Term Loan	1.70	1.39	1.00	0.62	0.24
Total	3.44	4.87	4.48	4.10	3.72
DEBT SERVICE COVERAGE RATIO	2.06	1.64	1.94	2.25	2.78
AVERAGE D.S.C.R.			2.10		

Assumptions:

- 1.** Production Capacity of Isabgol is 80 Kg per day. First year, Capacity has been taken @ 40%.
- 2.** Working shift of 10 hours per day has been considered.
- 3.** Raw Material stock and Finished goods closing stock has been taken for 10 days.
- 4.** Credit period to Sundry Debtors has been given for 10 days.
- 5.** Credit period by the Sundry Creditors has been provided for 10 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 18 KWH.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years

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