

PROJECT REPORT

Of

MIZO CHILLI PICKLE

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Mizo Chilli 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 : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **MIZO CHILLI PICKLE**
- 6 Name of the project / business activity proposed : **MIZO CHILLI PICKLE UNIT**
- 7 Cost of Project : Rs.21.91 Lakhs
- 8 Means of Finance
- Term Loan Rs.13.5 Lakhs
- Own Capital Rs.2.19 Lakhs
- Working Capital Rs.6.22 Lakhs
- 9 Debt Service Coverage Ratio : 2.93
- 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 : Salt, Edible Oil, Mix Spices & other preservatives
- 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	14.00
Furniture & Fixtures	1.00
Working Capital	6.91
Total	21.91

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.19
Working Capital(Finance)	6.22
Term Loan	13.50
Total	21.91

MIZO CHILLI PICKLE MAKING UNIT

Introduction:

Due to its unique climatic, topographic, and cultivation characteristics, the state of Mizoram is endowed with a number of high-quality crop varieties that are unique to Mizoram. The Mizo Chilli, also known as Mizoram Bird's Eye Chilli, is of exceptional quality and is in high demand on both the national and international markets. Pickling is a process to preserve raw fruits & vegetables for longer time. The variety and potential for Mizoram Bird's Eye Chilli / Mizo chilli expansion is immense, but transportation, manufacturing, and marketing problems must be addressed. In Mizoram, the Mizo chilli is one of the most common and widely grown vegetables and spices. It is used to make spicy relative, pickles, chutneys, and hot sauces to be eaten with noodles, and it is in high demand in neighbouring states and countries such as China, Thailand, Vietnam, and Bangladesh, so the bulk of the produce is exported. Mizo Chilli cultivation can be found in the state of Mizoram. Mizoram has eight districts where three distinct varieties/quality levels of Mizo Chilli are grown. All of these types are assumed to be the same, with the exception of consistency variations. The bird eye red chili popularly known as Mizo chili is known for its pungent taste and smell used to make pickles which is widely consumed in India as well its neighbouring countries.



Uses & Market Potential:

Mizoram is a major producer of Mizo Chilli, despite the fact that other types of chilli are almost non-existent. Other chilli varieties are smuggled into Mizoram from the neighbouring states of Manipur and Assam. Mizoram has immense capacity for large-scale development with proper market links, and every year, at least 20,000 tonnes are shipped to Bangladesh and neighbouring states by unlicensed traders. There has been a steady rise in the amount of product due to constant efforts for Agriculture and Horticulture production in Mizoram, with a particular emphasis of the government on Mizo chilli.

In India several people are in the habit of devouring pickles for breakfast, lunch and dinner, as they need that kick of spices and flavour with each and every meal. Pickles, which are prepared by local people using local products, are mostly liked by the consumers. Homemade pickles are good in taste, but it takes prolonged time to prepare & require good sunlight also. The global pickles market reached a value of US\$ 10.6 Billion in 2019. Many companies are preparing pickles by using organic raw materials & without adding any chemical preservatives. But the shelf life of organic pickles is less, which works as a hurdle to market growth. The global market demand for different pickles including mizo chilli pickle is growing extensively. Now days the distribution channel is highly improved and active. The market has been segmented into supermarkets & hypermarkets, convenience stores, independent retailers, online & others.

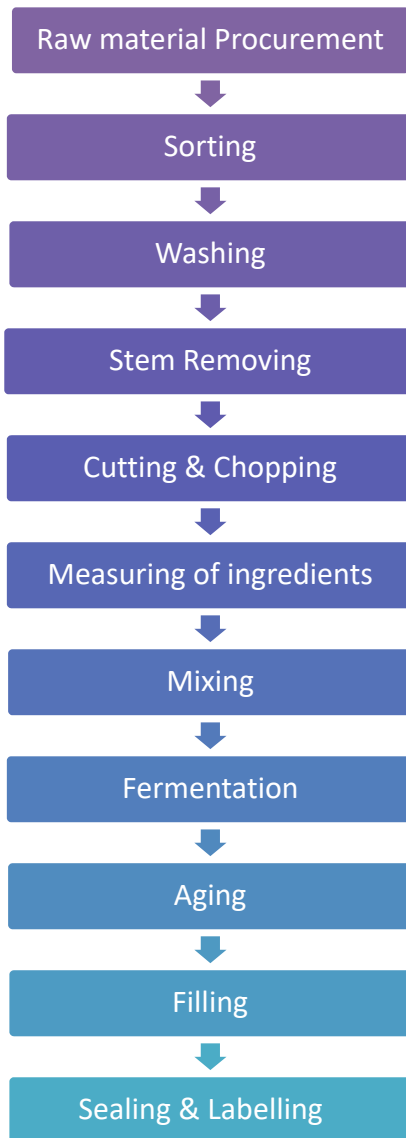
Product:

Mizo Chilli Pickle

Raw Material:

Basic raw material is Salt, Edible Oil, Mix Spices and other preservatives.

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
Tumbler type vegetable & fruit washing machine	1	380000	380000
Gravity Separator	1	400000	400000
Vegetable Slicing Machine	1	120000	120000
Kettle Mixer	1	80000	80000
Pickle Filling Machine	1	180000	180000
Material handling and other equipment's	-	240000	240000
Total Amount			1400000

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
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.84	4.52	7.36	10.96
Add: Additions	2.19	-	-	-	-
Add: Net Profit	4.65	6.17	7.84	9.60	11.31
Less: Drawings	4.00	4.50	5.00	6.00	7.00
Closing Balance	2.84	4.52	7.36	10.96	15.27
CC Limit	6.22	6.22	6.22	6.22	6.22
Term Loan	12.00	9.00	6.00	3.00	-
Sundry Creditors	2.43	2.89	3.37	3.87	4.38
TOTAL :	23.49	22.63	22.95	24.05	25.88
<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	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	1.35	0.35	0.33	0.77	1.63
TOTAL :	23.49	22.63	22.95	24.05	25.88

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	76.95	96.64	113.76	131.70	151.12
Total (A)	76.95	96.64	113.76	131.70	151.12
<u>B) COST OF SALES</u>					
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	2.20	1.88	1.60	1.36	1.16
Cost of Production	66.41	79.13	92.17	105.89	120.21
Add: Opening Stock /WIP	-	3.32	3.96	4.61	5.29
Less: Closing Stock /WIP	3.32	3.96	4.61	5.29	6.01
Cost of Sales (B)	63.09	78.49	91.52	105.20	119.50
C) GROSS PROFIT (A-B)	13.86	18.15	22.24	26.49	31.62
	18.01%	18.78%	19.55%	20.12%	20.92%
D) Bank Interest i) (Term Loan)	1.46	1.20	0.87	0.54	0.21
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
G) TOTAL (D+E+F)	9.20	11.50	13.49	15.38	18.01
H) NET PROFIT	4.65	6.64	8.75	11.12	13.61
	6.0%	6.9%	7.7%	8.4%	9.0%
I) Taxation	-	0.47	0.91	1.52	2.30
J) PROFIT (After Tax)	4.65	6.17	7.84	9.60	11.31

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.19	-	-	-	-
Reserve & Surplus	4.65	6.64	8.75	11.12	13.61
Depreciation & Exp. W/off	2.20	1.88	1.60	1.36	1.16
Increase In Cash Credit	6.22	-	-	-	-
Increase In Term Loan	13.50	-	-	-	-
Increase in Creditors	2.43	0.46	0.48	0.50	0.52
TOTAL :	31.19	8.98	10.83	12.98	15.29
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.00	-	-	-	-
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	1.50	3.00	3.00	3.00	3.00
Taxation	-	0.47	0.91	1.52	2.30
Drawings	4.00	4.50	5.00	6.00	7.00
TOTAL :	29.84	9.99	10.84	12.54	14.43
Opening Cash & Bank Balance	-	1.35	0.35	0.33	0.77
Add : Surplus	1.35	- 1.01	- 0.01	0.44	0.85
Closing Cash & Bank Balance	1.35	0.35	0.33	0.77	1.63

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

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

COMPUTATION OF WORKING CAPITAL REQUIREMENT

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

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>	6.85	8.05	9.44	10.96	12.48
Interest on Term Loan	1.46	1.20	0.87	0.54	0.21
Total	8.32	9.24	10.31	11.50	12.68
<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	2.81	2.20	2.67	3.25	3.96
AVERAGE D.S.C.R.			2.93		

Assumptions:

1. Production Capacity of Mizo Chilli Pickle 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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