

PROJECT REPORT

Of

NATURAL COLOUR

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Natural Colour Manufacturing 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 : **NATURAL COLOUR**
- 6 Name of the project / business activity proposed : **NATURAL COLOUR MANUFACTURING UNIT**
- 7 Cost of Project : Rs.20.02 Lakhs
- 8 Means of Finance
- Term Loan Rs.13.77 Lakhs
- Own Capital Rs.2 Lakhs
- Working Capital Rs.4.25 Lakhs
- 9 Debt Service Coverage Ratio : 2.97
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 29%
- 13 Employment : 10 Persons
- 14 Power Requirement : 25.00 KWH
- 15 Major Raw materials : Marigold, Rice Flour
- 16 Estimated Annual Sales Turnover (Max Capacity) : 121.49 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	14.30
Furniture & Fixtures	1.00
Working Capital	4.72
Total	20.02

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.00
Working Capital(Finance)	4.25
Term Loan	13.77
Total	20.02

NATURAL COLOURS (PLANT ORIGIN)

MANUFACTURING UNIT

Introduction:

Natural colours are a healthier alternative to artificial colours. Food, beverages, medicines, and cosmetics are all possible uses for natural colors. Natural colours do not impart any flavour to the meal; instead, they serve as a pigment to colour the food in the desired hue. Natural colours, on the other hand, provide additional technical challenges. Food colours, both synthetic and natural, are in high demand. Natural food colouring is in high demand. As a result, we can forecast that there is plenty of room for a new entrepreneur. Orange Red Food Colour comes in a wide spectrum of colours, and their exact uses make them a popular market option. Furthermore, to preserve their high-quality standards, these are manufactured with high-quality materials and modern technology. Fruits like strawberries, oranges, and apples have a longer shelf life since they are fresh and clean without additives. Flavor Emulsions, Sugar-Free Products, Syrups, Food Colors, Liquid Food Colors, Synthetic Flavoring Essence, Flavor Emulsions, Sugar-Free Products These are the most common food colours.



Uses & Market Potential:

In 2019, the Indian market for natural food colours is expected to be worth USD 74.09 million. By 2027, it is anticipated to have grown at a CAGR of 3.90 percent across the area, reaching USD 92.96 million. It is linked to the growing population, which is expected to increase the industry, as well as rising consumer awareness about health. People are becoming more aware of the negative health impacts of synthetic food colours, which is boosting demand for natural food colours. Artificial food colours enhance the appeal of food. Brightly coloured meals pique the curiosity of consumers, particularly youngsters. Children who are fed processed food-flavoured eatables are more likely to develop attention deficit hyperactivity disorder. These behavioural changes are more common in youngsters who consume higher levels of artificial food colours.

Product:

NATURAL COLOUR

Raw Material:

1. Marigold
2. Rice Flour

Manufacturing Process:

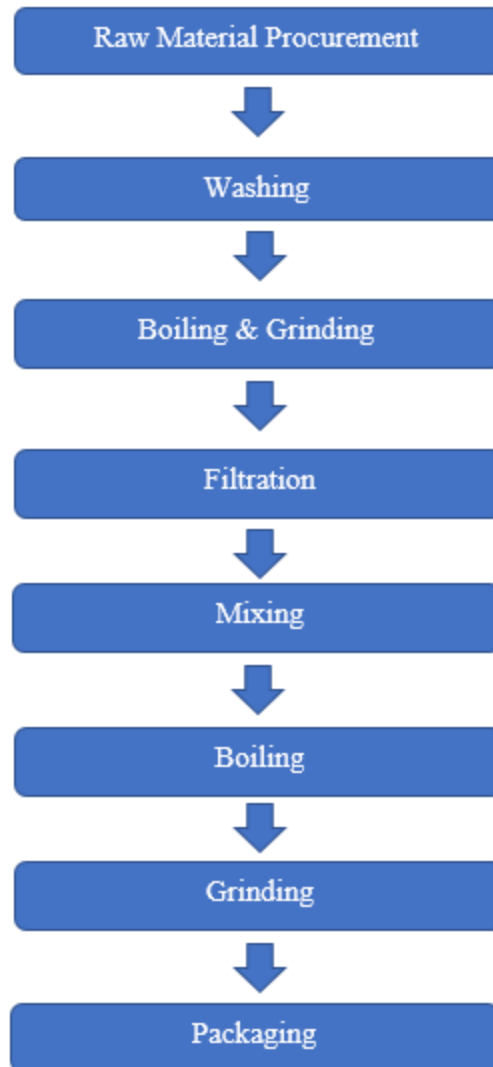


Fig. 1 – Process Flowchart

Area:

The land required for this manufacturing unit will be approx. around 1200 square feet.

Cost of Machines:

S No.	Machine	Price (INR)
1.	Pulverizer	2,00,000/-
2.	Heating Vessel	1,50,000/-
3.	Boiler	3,00,000/-
4.	Packaging Machine	3,80,000/-
5.	Heating Kettle	3,50,000/-
6.	Wet Grinder	50,000/-
	Total	14,30,000/-

Power Requirement- The estimated Power requirement is taken at 25 KWH.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-6
- Helper- 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	-	2.11	3.75	5.66	8.21
Add: Additions	2.00	-	-	-	-
Add: Net Profit	4.31	6.44	8.61	9.75	11.99
Less: Drawings	4.20	4.80	6.70	7.20	9.30
Closing Balance	2.11	3.75	5.66	8.21	10.90
CC Limit	4.25	4.25	4.25	4.25	4.25
Term Loan	12.24	9.18	6.12	3.06	-
Sundry Creditors	1.39	1.60	1.81	2.03	2.26
TOTAL :	19.99	18.78	17.84	17.55	17.41
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	15.30	15.30	15.30	15.30	15.30
Gross Dep.	2.25	4.16	5.79	7.18	8.36
Net Fixed Assets	13.06	11.14	9.51	8.12	6.94
Current Assets					
Sundry Debtors	2.32	2.78	3.18	3.61	4.05
Stock in Hand	3.79	4.38	5.00	5.65	6.32
Cash and Bank	0.82	0.47	0.15	0.18	0.11
TOTAL :	19.99	18.78	17.84	17.55	17.41
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	69.60	83.28	95.44	108.18	121.49
Total (A)	69.60	83.28	95.44	108.18	121.49
<u>B) COST OF SALES</u>					
Raw Material Consumed	41.76	47.95	54.36	60.98	67.82
Electricity Expenses	2.24	2.52	2.80	3.08	3.36
Repair & Maintenance	2.09	2.50	2.86	3.25	3.64
Labour & Wages	9.32	11.19	13.54	15.98	18.37
Depreciation	2.25	1.91	1.63	1.39	1.19
Cost of Production	57.66	66.07	75.19	84.67	94.38
Add: Opening Stock /WIP	-	2.40	2.79	3.19	3.62
Less: Closing Stock /WIP	2.40	2.79	3.19	3.62	4.06
Cost of Sales (B)	55.26	65.68	74.78	84.25	93.94
C) GROSS PROFIT (A-B)	14.35	17.60	20.66	23.93	27.55
	20.61%	21.13%	21.64%	22.12%	22.68%
D) Bank Interest i) (Term Loan)	1.49	1.22	0.88	0.55	0.21
ii) Interest On Working Capital	0.47	0.47	0.47	0.47	0.47
E) Salary to Staff	5.29	6.14	6.88	7.43	8.02
F) Selling & Adm Expenses Exp.	2.78	3.33	3.82	4.33	4.86
G) TOTAL (D+E+F)	10.04	11.16	12.04	12.77	13.56
H) NET PROFIT	4.31	6.44	8.61	11.16	13.99
	6.2%	7.7%	9.0%	10.3%	11.5%
I) Taxation	-	-	-	1.41	2.00
J) PROFIT (After Tax)	4.31	6.44	8.61	9.75	11.99

<u>PROJECTED CASH FLOW STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.00	-			
Reserve & Surplus	4.31	6.44	8.61	11.16	13.99
Depriciation & Exp. W/off	2.25	1.91	1.63	1.39	1.19
Increase In Cash Credit	4.25				
Increase In Term Loan	13.77	-	-	-	-
Increase in Creditors	1.39	0.21	0.21	0.22	0.23
TOTAL :	27.97	8.56	10.46	12.77	15.40
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.30	-	-	-	-
Increase in Stock	3.79	0.59	0.62	0.65	0.67
Increase in Debtors	2.32	0.46	0.41	0.42	0.44
Repayment of Term Loan	1.53	3.06	3.06	3.06	3.06
Taxation	-	-	-	1.41	2.00
Drawings	4.20	4.80	6.70	7.20	9.30
TOTAL :	27.14	8.91	10.78	12.74	15.48
Opening Cash & Bank Balance	-	0.82	0.47	0.15	0.18
Add : Surplus	0.82	- 0.35	- 0.33	0.03	- 0.07
Closing Cash & Bank Balance	0.82	0.47	0.15	0.18	0.11

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	2.40	2.79	3.19	3.62	4.06
<u>Raw Material</u>					
(10 Days requirement)	1.39	1.60	1.81	2.03	2.26
Closing Stock	3.79	4.38	5.00	5.65	6.32

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.79		
Less:			
Sundry Creditors	1.39		
Paid Stock	2.40	0.24	2.16
Sundry Debtors	2.32	0.23	2.09
Working Capital Requirement			4.25
Margin			0.47
MPBF			4.25
Working Capital Demand			4.25

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	13.77	13.77	0.38	-	13.77
	Iind Quarter	13.77	-	13.77	0.38	-	13.77
	IIIrd Quarter	13.77	-	13.77	0.38	0.77	13.01
	Ivth Quarter	13.01	-	13.01	0.36	0.77	12.24
						1.49	1.53
II	Opening Balance						
	Ist Quarter	12.24	-	12.24	0.34	0.77	11.48
	Iind Quarter	11.48	-	11.48	0.32	0.77	10.71
	IIIrd Quarter	10.71	-	10.71	0.29	0.77	9.95
	Ivth Quarter	9.95		9.95	0.27	0.77	9.18
						1.22	3.06
III	Opening Balance						
	Ist Quarter	9.18	-	9.18	0.25	0.77	8.42
	Iind Quarter	8.42	-	8.42	0.23	0.77	7.65
	IIIrd Quarter	7.65	-	7.65	0.21	0.77	6.89
	Ivth Quarter	6.89		6.89	0.19	0.77	6.12
						0.88	3.06
IV	Opening Balance						
	Ist Quarter	6.12	-	6.12	0.17	0.77	5.36
	Iind Quarter	5.36	-	5.36	0.15	0.77	4.59
	IIIrd Quarter	4.59	-	4.59	0.13	0.77	3.82
	Ivth Quarter	3.82		3.82	0.11	0.77	3.06
						0.55	3.06
V	Opening Balance						
	Ist Quarter	3.06	-	3.06	0.08	0.77	2.29
	Iind Quarter	2.29	-	2.29	0.06	0.77	1.53
	IIIrd Quarter	1.53	-	1.53	0.04	0.77	0.76
	Ivth Quarter	0.76		0.76	0.02	0.77	- 0.00
						0.21	3.06
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>	6.55	8.35	10.24	11.14	13.18
Interest on Term Loan	1.49	1.22	0.88	0.55	0.21
Total	8.05	9.57	11.13	11.69	13.39
<u>REPAYMENT</u>					
Repayment of Term Loan	1.53	3.06	3.06	3.06	3.06
Interest on Term Loan	1.49	1.22	0.88	0.55	0.21
Total	3.02	4.28	3.94	3.61	3.27
DEBT SERVICE COVERAGE RATIO	2.66	2.24	2.82	3.24	4.09
AVERAGE D.S.C.R.			2.97		

Assumptions:

- 1.** Production Capacity of Natural Colours is 240 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 25 KWH.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years

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