

PROJECT REPORT

Of

PEANUT BUTTER

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Peanut Butter 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 xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **PEANUT BUTTER**
- 6 Name of the project / business activ **PEANUT BUTTER MANUFACTURING UNIT**
- 7 Cost of Project : Rs. 14.53 Lakhs
- 8 Means of Finance
- Term Loan Rs. 8.08 Lakhs
- Own Capital Rs. 1.45 Lakhs
- Working Capital Rs. 5 Lakhs
- 9 Debt Service Coverage Ratio : 4.08
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6-7 Months
- 12 Break Even Point : 35%
- 13 Employment : 12 Persons
- 14 Power Requirement : 8.00 KW
- 15 Major Raw materials : Peanut, honey, Jaggery
- 16 Estimated Annual Sales Turnov : 105.79 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	8.17
Miss Assets	0.80
Furniture & Fixtures	
Working Capital	5.56
Total	14.53

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.45
Working Capital(Finance)	5.00
Term Loan	8.08
Total	14.53

1. INTRODUCTION



Peanut butter is a food paste or spread made from ground, dry-roasted peanuts. It often contains additional ingredients that modify the taste or texture, such as salt, sweeteners, or emulsifiers. Peanut butter is a protein-packed spread popular around the world. It's made of ground peanuts - often roasted first - blended into a thick paste.

Natural peanut butter is available at health food stores and specialty grocers, and can be easily found online. Look for a product that contains no additives other than a little salt.

Peanuts have considerable nutrients and are consumed in different forms all over the world since long. Peanut butter is one such product consumed in large quantities especially in western countries since many years. It is not very popular in India and the domestic market is dominated by milk butter. Hence, the promoters must target growing export market and should be financially sound. The technology is available indigenously and it is advisable to engage a technical consultant to ensure quality.

Peanut butter is served as a spread on bread, toast, or crackers, and used to make sandwiches.

2. MARKET POTENTIAL:

The global peanut butter market reached a value of US\$ 3.5 Billion in 2019, exhibiting a CAGR of 4.6% during 2014-2019. Peanuts are an essential crop grown worldwide and are commercially used for the production of oil, butter, flour, confections and snack products.

Indian peanuts are popular all over the world with large exports every year. But unfortunately, our market share is primarily confined to raw peanuts and value-added products like blanched & roasted peanuts and peanut butter has very negligible contribution. Peanut Butter Market in India estimated to grow aggressively due to increasing demand from all the states of India. The Indian Peanut Butter Market witnessing 14.2% of CAGR from 2019 to 2025.

Delhi is the 1st place for the highest demand of peanut butter in India. After Delhi Punjab — the land of milk, butter and ghee — is witnessing significant changes in people's eating habits with traditional butter being replaced by peanut butter. This can be gauged from the fact that for fast-moving consumer goods (FMCG) companies, Punjab is the biggest market for peanut butter after Delhi. Otherwise, Delhi market is followed by Mumbai, Bengaluru and Pune for other products in the FMCG segment.

3. PRODUCT DESCRIPTION

3.1 PRODUCT BENEFITS & TYPES

- Peanut butter is an ideal substitute for milk butter. It is a low calorie, high protein product. Compared to milk butter, its price is very competitive.
- Peanut butter is most commonly used in sandwiches and as a spread. It is widely used in bakeries and confectioneries
- For women specifically, a study found a 21% reduced risk of developing type 2 diabetes was associated with consuming peanut butter at least 5 times per week.

- However, peanuts are high in calories and, while they contain “good fats”.
- One of the main fats in peanut butter is oleic acid. When substituted for other fats in your diet, oleic acid is shown to help maintain good cholesterol, blood sugar, and blood pressure. Managing these levels in your body can lower the risk of heart disease.
- Peanut butter is a great substitution or alternative to meat products because it is much less expensive, it’s filling, and it contains fiber.

Breakup by Product Type:

- Smooth Peanut Butter
- Crunchy Peanut Butter

Smooth peanut butter is the most preferred product type in the market as it is easier to spread and mixes better with smoothies and desserts.

3.2 Product Nutrition

A quarter-cup of peanuts (the approximate amount in a 2 tablespoon serving of peanut butter) contains:

- Calories: 207
- Protein: 9 grams
- Fat: 18 grams
- Carbohydrates: 6 grams
- Fiber: 3 grams
- Sugar: 1 gram

Peanut butter is a good source of:

- Vitamin E
- Niacin (B3)
- Manganese
- Vitamin B6
- Magnesium

Peanut butter is also a good source of copper, a mineral that helps maintain our bone health, immune function, and blood vessels. Some research suggests that getting enough copper in your diet may reduce your risk for osteoporosis and heart disease.

3.3 Raw Material Requirement & Sources

- **Peanuts are the main raw material for manufacturing peanut butter:** Cost per Kg is approx. Rs.80-85.

Peanuts are a nutritious, hunger-satisfying, low-glycemic snack. Groundnuts in India are available throughout the year due to a two-crop cycle harvested in March and October. Ground Nuts are important protein crops in India grown mostly under rain-fed conditions. The awareness and concern for quality amongst the Indian groundnut shellers and processors are growing steadily.

- Other raw material required except peanut are as follows:
 1. Honey: Cost per KG is Rs.250-280
 2. Jaggery: Cost per KG is Rs.50

Average raw material cost of Per KG Peanut Butter is approx. Rs. 300-320.

3.4 Machine Description

1. Peanut Roaster: The machine mainly process food: legume, kernels, nut (e.g. various kinds of peanut kernels, melon seeds, almond, chestnut, horsebean) etc.



2. **Granulator:** The Nut Granulator is perfect solution for nut, peanut and dry fruit processor for cutting nuts and make granules of accurate size.



3. **Peanut Grinder:** This machine is designed for grinding oily peanuts into peanut butter or low oil peanuts into peanut powder.



4. **Mixer:** Peanut seasoning mixer machine is mainly used in mixing, powder coating and blending of seasoning powder.



5. **Peanut butter filling machine:** The peanut butter filling machine is an ideal equipment for filling high viscosity fluid and paste.



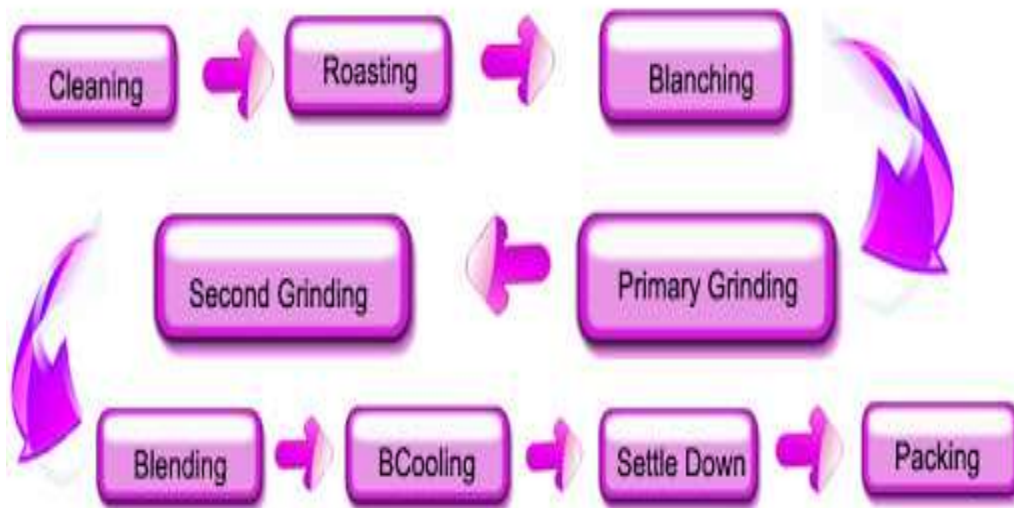
3.5 MANUFACTURING PROCESS

It is possible to buy raw peanuts instead of shelled peanuts or peanut pods. But it is advisable to install groundnut shelling plant to ensure quality of the all-important input which determines the ultimate quality of butter. The manufacturing process in this project is briefly described hereunder:

- **Peanut Grading:** Procurement of raw material & Peanuts are graded according to sizes to ensure only big or bold peanuts are taken up for process.
- **Peanut Roasting & Blanching:** This is a critical stage. Roasting is done at around 160O C for 40-60 minutes depending upon the moisture contents. Roasting reduces water contents to around 1% which increases the shelf life of peanuts and helps develop flavor. After roasting, peanuts are cooled and then blanched (removal of outer red skin). After blanching each peanut is inspected to remove discolored (grey or black) nuts.
- **Grinding Peanuts** are then ground in peanut butter mill in two stages to produce fine and creamy butter. The outlet temperature is around 65-75OC. All ingredients like salt, sugar and stabilizers are added during this process
- **De-aeration** Air is incorporated into peanut butter during milling and subsequently it is removed in a vacuum.
- **Cooling** a scraped surface heat exchanger is used for cooling. The outlet temperature depends upon the type of stabiliser used.

- Filling and Packing Peanut butter is filled in Pet Jars or metal drums as per the instructions of the buyer. Immediately after filling, the jars are vibrated to remove any remaining air bubbles. After keeping jars or drums for around 35-40 hours at around 20OC, the peanut butter sets completely and can be dispatched. Recovery from groundnut shells or pods is 55% HPS groundnuts, 22% husk and balance 23% are splits or kapchi. Roasting of peanuts and removal of discoloured peanuts, results in further waste/loss of 5%
- Checking of final product, packaging & sent for sale.

PEANUT BUTTER MANUFACTURING FLOW CHART



4. PROJECT COMPONENTS

4.1 Land

Land required 1000-1200 square feet approx.

Approximate rent for the same is Rs.20000-24000 per month.

4.2 Plant & Machinery

Main Machine

S.N.	Item Description	Rate
1	Roasting Machine	80,000
2	Granulator	20,000
3	Grinder (30-80 KG output)	1,25,000
4	Peanut Butter Mixer	2,50,000
5	Filling Machine (Single Head)	1,55,000
	Sub-Total	6,30,000
	GST @18%	1,13,400
	Total	7,43,400

4.3 Other Equipment's

S.N.	Item Description	Rate
1	Storage tank(15,000*2)	30,000
2	Collection Tank(10,000*2)	20,000
3	Induction sealer	12,000
4	Labelling	12,000
	Total	74,000

5. FINANCIALS

5.1 Cost of Project

COST OF PROJECT			
(in Lacs)			
PARTICULARS	AMOUNT	Own Contribution	Bank Finance
		10.00%	90.00%
Land & Building		Owned /rented	
Plant & Machinery	8.17	0.82	7.36
Furniture & Fixtures and Other Assets	0.80	0.08	0.72
Working capital	5.56	0.56	5.00
Total	14.53	1.45	13.08

5.2 Means of Finance

MEANS OF FINANCE	
(in Lacs)	
PARTICULARS	AMOUNT
Own Contribution	1.45
Bank Loan	8.08
Working capital Limit	5.00
Total	14.53

5.3 Projected Balance Sheet

(in Lacs)					
PROJECTED BALANCE SHEET					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		2.24	3.88	6.57	9.24
<i>Add:- Own Capital</i>	1.45				
Add:- Retained Profit	2.79	5.14	6.69	8.17	10.13
Less:- Drawings	2.00	3.50	4.00	5.50	7.70
Closing Balance	2.24	3.88	6.57	9.24	11.67
Term Loan	7.18	5.38	3.59	1.79	-
Working Capital Limit	5.00	5.00	5.00	5.00	5.00
Sundry Creditors	2.30	2.72	3.18	3.67	4.20
Provisions & Other Liab	0.25	0.38	0.56	0.68	0.84
TOTAL :	16.98	17.36	18.90	20.38	21.72
<u>Assets</u>					
Fixed Assets (Gross)	8.97	8.97	8.97	8.97	8.97
Gross Dep.	1.31	2.42	3.37	4.18	4.87
Net Fixed Assets	7.67	6.55	5.60	4.79	4.10
Current Assets					
Sundry Debtors	2.82	3.43	5.01	5.79	6.63
Stock in Hand	5.58	6.57	7.64	8.82	10.08
Cash and Bank	0.91	0.80	0.65	0.98	0.90
TOTAL :	16.98	17.36	18.90	20.38	21.72

5.4 Projected Cash Flow

(in Lacs)					
PROJECTED CASH FLOW STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	1.45				
Net Profit	2.79	5.15	6.89	8.60	10.99
Depreciation & Exp. W/off	1.31	1.11	0.95	0.81	0.69
Increase in Cash Credit	5.00	-	-	-	-
Increase In Term Loan	8.08	-	-	-	-
Increase in Creditors	2.30	0.42	0.45	0.49	0.53
Increase in Provisions & Oth lib	0.25	0.13	0.19	0.11	0.17
TOTAL :	21.18	6.81	8.48	10.01	12.38
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.97				
Increase in Stock	5.58	0.99	1.07	1.18	1.26
Increase in Debtors	2.82	0.61	1.58	0.78	0.84
Repayment of Term Loan	0.90	1.79	1.79	1.79	1.79
Drawings	2.00	3.50	4.00	5.50	7.70
Taxation	-	0.02	0.20	0.43	0.86
TOTAL :	20.27	6.91	8.64	9.69	12.46
Opening Cash & Bank Balance	-	0.91	0.80	0.65	0.98
Add : Surplus	0.91	(0.10)	(0.15)	0.33	(0.07)
Closing Cash & Bank Balance	0.91	0.80	0.65	0.98	0.90

5.5 Projected Profitability

(in Lacs)					
PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilization %	40%	45%	50%	55%	60%
<u>SALES</u>					
Gross Sale					
Peanut Butter	105.79	128.80	150.32	173.67	198.98
Total	105.79	128.80	150.32	173.67	198.98
COST OF SALES					
Raw Material Consumed	86.40	102.06	119.07	137.53	157.53
Electricity Expenses	1.01	1.11	1.22	1.34	1.48
Depreciation	1.31	1.11	0.95	0.81	0.69
Labour	4.80	5.28	5.81	6.39	7.03
Repair & maintenance	1.59	1.93	2.25	2.95	3.38
Consumables	1.06	1.29	1.50	2.08	2.39
Packaging Charges	2.12	2.58	3.01	3.47	3.98
Cost of Production	98.27	115.36	133.81	154.58	176.48
Add: Opening Stock /WIP	-	3.28	3.85	4.46	5.15
Less: Closing Stock /WIP	3.28	3.85	4.46	5.15	5.88
Cost of Sales	95.00	114.79	133.20	153.89	175.75
GROSS PROFIT	10.79	14.01	17.12	19.79	23.24
GP Ratio	10%	11%	11%	11%	12%

staff charges	1.68	1.85	2.03	2.24	2.46
Interest on Term Loan	0.72	0.64	0.46	0.28	0.10
Interest on working Capital	0.50	0.50	0.50	0.50	0.50
Rent	2.88	3.17	3.48	3.83	4.22
selling & adm exp	2.22	2.70	3.76	4.34	4.97
TOTAL	8.00	8.86	10.23	11.19	12.25
NET PROFIT	2.79	5.15	6.89	8.60	10.99
Taxation		0.02	0.20	0.43	0.86
PROFIT (After Tax)	2.79	5.14	6.69	8.17	10.13

5.6 Production and Yield

<u>COMPUTATION OF PRODUCTION OF PEANUT BUTTER</u>		
Items to be Manufactured		
Peanut Butter		
Machine capacity per hour	30-80	KG
Operational capacity per Hour taken	30	KG
Operational capacity per Day	240	KG
Working Days in a month	25	Days
Working Days Per annum	300	Days
machine capacity per annum	72,000	KG

5.8 Working Capital Assessment

(in Lacs)					
COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Finished Goods					
	3.28	3.85	4.46	5.15	5.88
Raw Material					
	2.30	2.72	3.18	3.67	4.20
Closing Stock	5.58	6.57	7.64	8.82	10.08

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	5.58				
Less : Creditors	2.30				
Paid stock	3.28	10%	0.33	90%	2.95
Sundry Debtors	2.82	10%	0.28	90%	2.54
	6.10		0.61		5.49
WORKING CAPITAL LIMIT DEMAND (from Bank)					
				5.00	

5.10 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	4.10	6.27	7.84	9.41	11.68
Interest on Term Loan	0.72	0.64	0.46	0.28	0.10
Total	4.82	6.90	8.30	9.69	11.78
<u>REPAYMENT</u>					
Instalment of Term Loan	0.90	1.79	1.79	1.79	1.79
Interest on Term Loan	0.72	0.64	0.46	0.28	0.10
Total	1.62	2.43	2.25	2.07	1.89
DEBT SERVICE COVERAGE RATIO	2.98	2.84	3.69	4.68	6.23
AVERAGE D.S.C.R.	4.08				

5.12 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	10.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	8.08	8.08	-	-	8.08
	2nd month	8.08	-	8.08	0.07	-	8.08
	3rd month	8.08	-	8.08	0.07	-	8.08
	4th month	8.08	-	8.08	0.07	-	8.08
	5th month	8.08	-	8.08	0.07	-	8.08
	6th month	8.08	-	8.08	0.07	-	8.08
	7th month	8.08	-	8.08	0.07	0.15	7.93
	8th month	7.93	-	7.93	0.07	0.15	7.78
	9th month	7.78	-	7.78	0.06	0.15	7.63
	10th month	7.63	-	7.63	0.06	0.15	7.48
	11th month	7.48	-	7.48	0.06	0.15	7.33
	12th month	7.33	-	7.33	0.06	0.15	7.18
					0.72	0.90	
2nd	Opening Balance						
	1st month	7.18	-	7.18	0.06	0.15	7.03
	2nd month	7.03	-	7.03	0.06	0.15	6.88
	3rd month	6.88	-	6.88	0.06	0.15	6.73
	4th month	6.73	-	6.73	0.06	0.15	6.58
	5th month	6.58	-	6.58	0.05	0.15	6.43
	6th month	6.43	-	6.43	0.05	0.15	6.28
	7th month	6.28	-	6.28	0.05	0.15	6.13
	8th month	6.13	-	6.13	0.05	0.15	5.98
	9th month	5.98	-	5.98	0.05	0.15	5.83
	10th month	5.83	-	5.83	0.05	0.15	5.68
	11th month	5.68	-	5.68	0.05	0.15	5.53
	12th month	5.53	-	5.53	0.05	0.15	5.38
					0.64	1.79	
3rd	Opening Balance						
	1st month	5.38	-	5.38	0.04	0.15	5.23
	2nd month	5.23	-	5.23	0.04	0.15	5.09
	3rd month	5.09	-	5.09	0.04	0.15	4.94
	4th month	4.94	-	4.94	0.04	0.15	4.79
	5th month	4.79	-	4.79	0.04	0.15	4.64
	6th month	4.64	-	4.64	0.04	0.15	4.49
	7th month	4.49	-	4.49	0.04	0.15	4.34

	8th month	4.34	-	4.34	0.04	0.15	4.19
	9th month	4.19	-	4.19	0.03	0.15	4.04
	10th month	4.04	-	4.04	0.03	0.15	3.89
	11th month	3.89	-	3.89	0.03	0.15	3.74
	12th month	3.74	-	3.74	0.03	0.15	3.59
					0.46	1.79	
4th	Opening Balance						
	1st month	3.59	-	3.59	0.03	0.15	3.44
	2nd month	3.44	-	3.44	0.03	0.15	3.29
	3rd month	3.29	-	3.29	0.03	0.15	3.14
	4th month	3.14	-	3.14	0.03	0.15	2.99
	5th month	2.99	-	2.99	0.02	0.15	2.84
	6th month	2.84	-	2.84	0.02	0.15	2.69
	7th month	2.69	-	2.69	0.02	0.15	2.54
	8th month	2.54	-	2.54	0.02	0.15	2.39
	9th month	2.39	-	2.39	0.02	0.15	2.24
	10th month	2.24	-	2.24	0.02	0.15	2.09
	11th month	2.09	-	2.09	0.02	0.15	1.94
	12th month	1.94	-	1.94	0.02	0.15	1.79
					0.28	1.79	
5th	Opening Balance						
	1st month	1.79	-	1.79	0.01	0.15	1.65
	2nd month	1.65	-	1.65	0.01	0.15	1.50
	3rd month	1.50	-	1.50	0.01	0.15	1.35
	4th month	1.35	-	1.35	0.01	0.15	1.20
	5th month	1.20	-	1.20	0.01	0.15	1.05
	6th month	1.05	-	1.05	0.01	0.15	0.90
	7th month	0.90	-	0.90	0.01	0.15	0.75
	8th month	0.75	-	0.75	0.01	0.15	0.60
	9th month	0.60	-	0.60	0.00	0.15	0.45
	10th month	0.45	-	0.45	0.00	0.15	0.30
	11th month	0.30	-	0.30	0.00	0.15	0.15
	12th month	0.15	-	0.15	0.00	0.15	-
					0.10	1.79	
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

7. ASSUMPTIONS

Item	Remarks
Sales Volume Increase Per Annum	5%
Sales Price Increase Per Annum	5%
Increase in Staff Salaries	10% Per annum
Increase in Utilities	10% Per Annum
Loan Period	5 years
Loan Installments	Monthly
Financial Charges	10% per annum
Working Days Per annum	300 Days

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