

PROJECT REPORT ON PICKLE UNIT



1. INTRODUCTION

The project report covers the techno economic feasibility of setting up and functioning of a food production unit under the name and style of PICKLES.

2. PROMOTER.

The unit will function as a sole proprietary concern under a private proprietor having 15 years experience in marketing of pickles.

3 NATURE OF THE PROJECT.

The proposed activities of the unit comprised of production and sale of Pickles.

4 LOCATION AND INFRASTRUCTURAL FACILITIES.

Location.: The project is proposed to be located in any districts of Odisha preferably near to the availability of raw materials.

Land and Building: The proposed unit will function in a building owned by the proprietor. The unit required a building area of 900 Square Feet. The land and building space is enough for proper carrying out of activities of the unit.

Raw materials: The important raw materials required by the units are Mango, Lime, Ginger, Garlic, Pickle powder and Oil. All the raw materials required for the unit is available in any quantity at reasonable rate from local market. So there will not be any scarcity for the availability of raw materials.

Transportation: The location of the unit should be aside the main road and is also nearest to urban centre. There is enough space in premises for parking the vehicles and smooth flow of men and materials.

Labour.: The labour can easily procure from local places at reasonable cost at any volume.

Power. : The unit requires 8 HP power to commence production.

Water.: The main water requirement for the unit is for drinking and sanitation purpose of workers. There is enough well water facility in the premises of the unit. Thus it can be concluded that the location of the unit is blessed with all infrastructural facilities.

5. TECHNICAL FEASIBILITY.

Scope and Marketing

The proposed product of the unit is pickle. The pickles being daily used food products, has a ready market always. Unlike past all class of consumers, consuming readily available pickles from market rather than making them in home. The unit proposed to making good quality pickles at reasonable cost, therefore it can easily establish its brands name in market. The people now a days depending ready to eat pickles due to factors like lack of time to make them, efforts involving in preparing pickles. The promoter has experience in food product business for last few years, and has good contact with various markets, grocery shops, hotels etc. All these will enable him to market the products without any difficulty. Thus by consideration of all above factors, it can conclude that there is high scope for pickles manufacturing units.

Govt. licenses and permissions : The unit has already obtained all the required licenses.

By product and effluent : The unit will not generated any by product and effluent.

6. Cost of the Project

The detailed cost of the project is under

| | Rs. In lakhs |
|-------------------------------|--------------|
| Fixed Assets | |
| Machinery | 7.00 |
| Other assets | 0.60 |
| Electrification | 0.20 |
| Preliminary and pre-operative | 0.20 |
| Working capital | 2.50 |
| Total | 10.50 |

7. Means of finance

| | |
|---------------------------|-------|
| Promoters Contribution | 3.50 |
| Term loan from Bank | 5.00 |
| Working Capital from bank | 2.00 |
| Total | 10.50 |

8. Economic Feasibility

The following annexure are annexed herewith to reveal the economic viability of the unit.

- a. projected working results and profitability
- b. Projected Cash flow statement
- c. Projected balance sheet.
- d. Statement of financial viability indices.

9. Conclusion.

From the above analysis, explanation and projection annexed, it could be assured that the unit can function profitably .

Annexure I

Statement of estimated production and sales at full capacity.

| | |
|--------------------------------|---------------|
| Estimated daily production | 200 Kg |
| No. of estimated working days | 300 days |
| Total estimated production | 60000 Kg |
| Sale rate per kg @ Rs. 80/- | |
| Estimated annual gross receipt | Rs. 4800000/- |

Annexure II

Statement of Depreciation

| Particulars | Years (Rs. In lakhs) | | | | |
|---------------------------|----------------------|------|------|------|------|
| | I | II | III | IV | V |
| Machinery | | | | | |
| \opening balance | 0 | 5.95 | 5.06 | 4.30 | 3.65 |
| Add. addition | 7.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 7.00 | 5.95 | 5.06 | 4.30 | 3.65 |
| less depreciation 15 % | 1.05 | .89 | .76 | .65 | .55 |
| Closing Balance | 5.95 | 5.06 | 4.30 | 3.65 | 3.15 |
| Other Assets | | | | | |
| /opening balance | 0.00 | 0.90 | 0.81 | .73 | .66 |

| | | | | | |
|---------------------------|------|------|------|------|------|
| Add. addition | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 1.00 | 0.90 | .81 | .73 | .66 |
| less depreciation 10 % | 0.10 | 0.09 | .08 | .07 | .06 |
| Closing Balance | 0.90 | 0.81 | 0.73 | 0.76 | 0.60 |
| W.D.V | 6.85 | 5.87 | 5.03 | 4.31 | 3.70 |
| Depreciation | 1.15 | .98 | .84 | .72 | .61 |
| | | | | | |

Annexure III

Statement of loan repayment and interest on loan

Term loan Rs. 5 lakhs @ 13 % interest

Repayment in 5 years

| Particulars | Years (Rs. In Lakhs) | | | | |
|------------------------------|----------------------|------|------|------|------|
| | I | II | III | IV | V |
| Opening Balance | 0.00 | 4.00 | 3.00 | 2.00 | 1.00 |
| Add Addition | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Add interest | .65 | 0.52 | 0.39 | 0.26 | 0.13 |
| Total | 5.65 | 4.52 | 3.39 | 2.26 | 1.13 |
| Less paid during the year | | | | | |
| Principal | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Interest | 0.65 | 0.52 | 0.39 | 0.26 | 0.13 |
| total | 1.65 | 1.52 | 1.39 | 1.26 | 1.13 |
| Closing Balance | 4.00 | 3.00 | 2.00 | 1.00 | 0.00 |

Annexure IV

Statement of Working Capital requirement

| Particulars | Years (Rs. In Lakhs) | | | | |
|--------------------------|----------------------|------|------|------|------|
| | I | II | III | IV | V |
| I. Current Assets | | | | | |
| a. Raw materials 2 week | 1.20 | 1.26 | 1.32 | 1.38 | 1.44 |
| b. finished goods 5 days | 0.60 | 0.63 | 0.66 | 0.69 | 0.72 |
| c. sundry debtors 2 week | 1.20 | 1.26 | 1.32 | 1.38 | 1.44 |
| D. Total | 3.00 | 3.15 | 3.30 | 3.45 | 3.60 |
| II Current liabilities | | | | | |

| | | | | | |
|----------------------------|------|------|------|------|------|
| a. Sundry creditors 1 week | 0.50 | 0.55 | 0.60 | 0.65 | 0.70 |
| Total | 0.50 | 0.55 | 0.66 | 0.65 | 0.70 |
| Net working capital | 2.50 | 2.60 | 2.70 | 2.80 | 2.90 |

Annexure V

Statement of projected working results and project profitability

| Particulars | Years (Rs. In lakhs) | | | | |
|---|----------------------|-------|-------|-------|-------|
| | I | II | III | IV | V |
| A .Estimated gross receipt at full capacity | 48.00 | | | | |
| B. Capacity utilization | 70% | 75% | 80% | 85% | 90% |
| C. Income gross sale | 33.60 | 36.00 | 38.40 | 40.80 | 43.20 |
| D. Direct expenses | | | | | |
| 1. Raw materials. | 18.63 | 19.96 | 21.29 | 22.62 | 23.95 |
| 2. Wages. | 6.90 | 7.40 | 7.90 | 8.40 | 8.90 |
| 3. Other direct cost | 0.60 | 0.64 | 0.68 | 0.72 | 0.76 |
| TOTAL | 26.13 | 28.00 | 29.87 | 31.74 | 33.61 |
| E. Gross profit (C-D) | 7.47 | 8.00 | 8.53 | 9.06 | 9.59 |
| F . Indirect cost | | | | | |
| 1. Interest on loan | 0.91 | 0.78 | 0.65 | 0.52 | 0.39 |
| 2. Depreciation | 1.15 | 0.98 | 0.84 | 0.72 | 0.61 |
| 3. Other administrative expenses | 1.61 | 1.73 | 1.85 | 1.97 | 2.09 |
| TOTAL | 3.67 | 3.49 | 3.34 | 3.21 | 3.09 |
| G. Profit before tax | 3.80 | 4.51 | 5.19 | 5.38 | 6.50 |
| H. Less income tax @10% | 0.38 | 0.45 | 0.50 | 0.51 | 0.65 |
| I. Profit after Tax(G-H) | 3.42 | 4.06 | 4.69 | 5.34 | 5.85 |
| J. Depreciation | 1.15 | 0.98 | 0.84 | 0.72 | 0.61 |
| NET CASH ACCRUED (I+J) | 4.57 | 5.04 | 5.53 | 6.06 | 6.46 |

Annexure VI

Statement of Projected Cash Flow

| Particulars | Years (Rs. In lakhs0) | | | | |
|------------------------------------|-----------------------|------|------|------|-------|
| | I | II | III | IV | V |
| A. Source of fund | | | | | |
| 1. Promoters contribution | 3.50 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. Bank loan | 7.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Net cash accrued from operation | 4.57 | 5.04 | 5.53 | 6.06 | 6.46 |
| Total | 15.07 | 5.04 | 5.53 | 6.06 | 6.46 |
| | | | | | |
| B. Application of fund | | | | | |
| 1. Capital expenditure | 8.00 | | | | |
| 2. Change in working capital | 2.50 | 1.33 | 1.33 | 1.33 | 1.33 |
| 3. Loan repayment | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 4. Drawing by the proprietor | 1.00 | 1.00 | 1.00 | 1.50 | 1.50 |
| Total | 12.50 | 3.33 | 3.33 | 3.83 | 3.83 |
| C. Opening Cash Bank balance | 0.00 | 2.57 | 4.28 | 6.48 | 8.71 |
| D. Add net Surplus(A-B) | 2.57 | 1.71 | 2.20 | 2.23 | 2.63 |
| E. Closing balance | 2.57 | 4.28 | 6.48 | 8.71 | 11.34 |

Annexure VII

Statement of financial viability indices

D.S.C.R

| Particulars | Years(Rs. In lakhs) | | | | |
|------------------------------------|---------------------|------|------|------|------|
| | I | II | III | IV | V |
| A. Net Cash accrued from operation | 4.57 | 5.04 | 5.53 | 6.06 | 6.46 |
| B. Add interest on loan | .91 | .78 | .65 | .52 | .39 |
| Total fund available (A+B) | 5.48 | 5.82 | 6.18 | 6.58 | 6.85 |
| C. .Repayment of loan | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| D. Add interest | 0.91 | 0.78 | 0.65 | 0.52 | 0.39 |
| E. Debt service requirement(C+D) | 1.91 | 1.78 | 1.65 | 1.52 | 1.39 |
| D. D.S.C.R. | 2.86 | 3.26 | 3.74 | 4.32 | 4.92 |
| Average D.S.C.R | 3.82 | | | | |

Break Even Analysis

| Particulars | Years (Rs. In lakhs) | | | | |
|--------------------|----------------------|-------|-------|-------|-------|
| | I | II | III | IV | V |
| a. Sales | 33.60 | 36.00 | 38.40 | 40.80 | 43.10 |
| b. Variable cost | 26.13 | 28.00 | 29.87 | 31.74 | 33.61 |
| c. Contribution | 7.47 | 8.00 | 8.53 | 9.06 | 9.61 |
| d. Fixed cost | 3.67 | 3.49 | 3.34 | 3.21 | 3.09 |
| e. Breakeven point | 49.12 | 43.62 | 39.15 | 35.43 | 32.15 |

Annexure VIII

Statement of projected balance sheet

| Particulars | Years(Rs. In lakhs) | | | | |
|-----------------------------------|---------------------|-------|-------|-------|-------|
| | I | II | III | IV | V |
| A. Capital and liabilities | | | | | |
| 1.Promotors Capital | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| 2. Reserve and Surplus | 2.42 | 4.25 | 6.71 | 9.32 | 12.44 |
| 3. Loan Fund | 6.00 | 5.00 | 4.00 | 3.00 | 2.00 |
| 4. Current liabilities | 0.50 | 0.55 | 0.60 | 0.65 | 0.70 |
| Total | 12.42 | 13.30 | 14.81 | 16.41 | 18.64 |
| | | | | | |
| B. Assets | | | | | |
| 1. Fixed Asset | 6.85 | 5.87 | 5.03 | 4.31 | 3.70 |
| 2. Current Asset | | | | | |
| Inventory | 1.80 | 1.89 | 1.98 | 2.07 | 2.16 |
| Debtors | 1.20 | 1.26 | 1.32 | 1.38 | 1.44 |
| Cash Bank Balance | 2.57 | 4.28 | 6.48 | 8.71 | 11.34 |
| Total | 12.42 | 13.30 | 14.81 | 16.47 | 18.64 |
| | | | | | |