

Project Report of Pickle Unit



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- **INTRODUCTION**

The project report includes the techno economic feasibility of setting up and functioning of a food production unit under the name and style of PICKLES. The project is at Kutiyattur in Kannur District.

- **PROMOTER.**

The unit will function as a sole proprietary concern under the proprietor of Mr. Sivadasan ,aged 45, residing at Kuttiyattur in Kannur district. The promoter has 15 years experience in marketing of pickles in Kannur and Kasargod District. And he has also got training in pickle making from Food craft Institute Calicut.

- **NATURE OF THE PROJECT.**

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

- **LOCATION AND INFRASTRUCTURAL FACILITIES.**

Location.: The project is proposed to be located at Kuttiyattur in Kannur District.

Land and Building.: The proposed unit will function in a rented building bearing Building number KP I/155 Of Kuttiyattur Grama Panchayath. The unit required an 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. This place is well known for

Courtesy : 

Kuttiattur mango which has highly demand in Malabar area. So there will not be any scarcity for the availability of raw materials.

Transportation.: The location of the unit is aside the main road and is also nearest to Kannur Municipality. 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. Power will be arranged by the unit.

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.

- **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 brand 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.

Byproduct and effluent : The unit will not generate any byproduct and effluent.

6. Cost of the Project

The detailed cost of the project is under

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

Courtesy : 

Total	10.50
7. Means offinance	
Promoters Contribution	3.50
Term loan from Bank	5.00
Working Capital	2.00
Total	10.50

8. Economic Feasibility

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

- projected working results and profitability
- Projected Cash flow statement
- Projected balance sheet.
- 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					

Courtesy :  **मप्ररक्ष**

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

Particulars	Years (Rs. In lakhs)				
	I	II	III	IV	V
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 lakhs)				
	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

Courtesy :  **महवैर**

Particulars	Years(Rs. In lakhs)				
	I	II	III	IV	V
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