PROJECT REPORT

Of

ARECA LEAF PLATES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Areca Leaf Plates 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 Entreprenuer		xxxxxxxxxx
2	Constitution (legal Status)	:	xxxxxxxxxx
3	Father / Spouse Name		xxxxxxxxxxxx
4	Unit Address	:	xxxxxxxxxxxxxxxxxxxxxx District : xxxxxxx Pin: xxxxxxx State: xxxxx Mobile xxxxxxx
5	Product and By Product	:	**ARECA LEAF PLATES**
6	Name of the project / business activity proposed :		**ARECA LEAF PLATES MANUFACTURING UNIT**
7	Cost of Project	:	Rs.8.7 Lakhs
8	Means of Finance Term Loan Own Capital Working Capital		 Rs.4.91 Lakhs Rs.0.87 Lakhs Rs.2.92 Lakhs
9	Debt Service Coverage Ratio	:	3.62
10	Pay Back Period	:	5 Years
11	Project Implementation Period	:	5-6 Months
12	Break Even Point	:	59%
13	Employment	:	10 Persons
14	Power Requirement	:	8.00 HP
15	Major Raw materials	:	Areca Leaf and Sandpaper
16	Estimated Annual Sales Turnover (Max Capacity)	:	75.73 Lakhs
17	Detailed Cost of Project & Means of Finance		

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	4.95
Furniture & Fixtures	0.50
Working Capital	3.25
Total	**8.70**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	0.87
Working Capital(Finance)	2.92
Term Loan	4.91
Total	**8.70**

ARECA LEAF PLATES MANUFACTURING UNIT

Introduction:

Chewing betel nuts and betel leaves is a long-standing Indian habit that dates back at least 1000 years. Only a few people chew a mixture of areca nuts, betel leaves, and tobacco. People also eat areca nuts that haven't been dried. Manufacturers of supari employ areca nut as a raw material. Due to widespread areca cultivation, the areca leaf is readily available. In English, it's called areca palm, areca nut palm, or beetle nut palm, while in Indian languages, it's called vakka, adakka, adike, puga, supari, pakku, kamugu, or gua. It belongs to the Aracaceae family and is a medium-sized single-trunked tropical palm with a thin, upright, unbranched solitary stem. China, India, Bangladesh, Sri Lanka, Malaysia, Thailand, Vietnam, the West Indies, and Indonesia are among the countries where it is widely grown. The leaves are long and palmate, measuring 1.5–2 meters in length. The stem is encircled by the sheaths of the leaves, which create a protective covering around it. The leaf sheaths of the Areca Nut Tree are used to make Areca Leaf Plates. Areca leaves are gathered, pressure washed, cleaned, sun dried, and then moulded into suitable shaped plates using heat and pressure. Plates may be utilised as an excellent fertilizer and a good source of organic manure once they have been used. Disposable plates and bowls are a great way to save money. Plastic and paper plates are replaced with disposable plates and bowls.

Uses & Market Potential:

Areca leaf plates are manufactured without the use of chemicals in a natural way. To increase the strength of the finished goods, no artificial components are utilised. The leaf products do not react with meals and do not alter the flavour. The leak-proof areca leaf plates come in a variety of forms and sizes, and they can withstand both hot and cold temperatures.

Between 2017 and 2021, the global foodservice disposables market is expected to increase steadily. The worldwide foodservice disposables market is expected to generate revenue of $27,187 million by the end of 2021. Disposable plates, cups, trays, bowls, and other things are increasingly being used by restaurants to serve a variety of foods. The majority of restaurants have begun to provide catering services, resulting in a rise in the usage of foodservice disposables. Restaurants can also order bespoke foodservice disposables from manufacturers. In addition, a growing number of consumers are turning to restaurants for catering services, particularly during special occasions.

Meanwhile, retail establishments and the hotel industry have begun to use foodservice disposables to supply diverse food products in recent years. The growth

of takeout meals is being fuelled by an increase in the number of eateries in emerging nations. The expansion of foodservice disposables in the Asia Pacific area is being fuelled by an increase in the number of restaurants in emerging nations and the popularity of takeout meals. Furthermore, in the near and medium term, continued urbanisation, sedentary lifestyles, and an on-the-go eating culture are projected to fuel market development. Another aspect that will make it easier for manufacturers to produce biodegradable food service disposables is the availability of raw materials. This will increase the availability of these goods on the market. Growing environmental concerns as a result of the increased use and disposal of paper disposables have given the biodegradable food service disposables industry a lot of room to develop in the future years.

Product:

Areca Leaf Plates

Raw Material:

Basic raw material are:

- Areca Leaf
- Sandpaper

Manufacturing Process:

- Raw material procurement
- Drying
- Cleaning
- Pressing with heat

- Finishing/post cure
- Recycling of areca waste
- Quality Control
- Packaging

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:

S. No.	Machine	Qty	Unit Price	Amount
1	Hydraulic type areca plates making machine	1	345000	345000
2	Shrink Wrapping Machine	1	150000	150000
TOTAL				**495000**

Power Requirement- The estimated Power requirement is taken at 8 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-2
- Helper-3
- Manager cum Accountant-1
- Sales Personnel-2

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	1.66	2.42	3.16	3.95
Add: Additions	0.87	-	-	-	-
Add: Net Profit	2.59	3.26	3.74	4.29	4.97
Less: Drawings	1.80	2.50	3.00	3.50	4.00
Closing Balance	1.66	2.42	3.16	3.95	4.92
CC Limit	2.92	2.92	2.92	2.92	2.92
Term Loan	4.36	3.27	2.18	1.09	-
Sundry Creditors	1.31	1.43	1.56	1.69	1.82
TOTAL :	**10.26**	**10.05**	**9.83**	**9.66**	**9.67**
APPLICATION OF FUND					
Fixed Assets (Gross)	5.45	5.45	5.45	5.45	5.45
Gross Dep.	0.79	1.47	2.05	2.54	2.96
Net Fixed Assets	4.66	3.98	3.40	2.91	2.49
Current Assets					
Sundry Debtors	2.37	2.70	2.96	3.24	3.53
Stock in Hand	2.19	2.40	2.62	2.84	3.06
Cash and Bank	1.04	0.97	0.84	0.67	0.58
TOTAL :	**10.26**	**10.05**	**9.83**	**9.66**	**9.67**
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	50.75	57.81	63.47	69.48	75.73
Total (A)	**50.75**	**57.81**	**63.47**	**69.48**	**75.73**
B) COST OF SALES					
Raw Material Consumed	26.25	28.69	31.20	33.79	36.45
Elecricity Expenses	1.25	1.34	1.43	1.52	1.61
Repair & Maintenance	1.02	1.16	1.27	1.39	1.51
Labour & Wages	10.21	11.43	12.80	14.08	15.49
Depreciation	0.79	0.68	0.58	0.49	0.42
Cost of Production	39.52	43.29	47.28	51.27	55.49
Add: Opening Stock /WIP	-	1.32	1.44	1.58	1.71
Less: Closing Stock /WIP	1.32	1.44	1.58	1.71	1.85
Cost of Sales (B)	38.20	43.17	47.15	51.14	55.35
C) GROSS PROFIT (A-B)	12.55	14.64	16.32	18.34	20.38
	24.73%	**25.33%**	**25.71%**	**26.39%**	**26.92%**
D) Bank Interest i) (Term Loan)	0.53	0.43	0.31	0.19	0.07
ii) Interest On Working Capital	0.32	0.32	0.32	0.32	0.32
E) Salary to Staff	8.19	9.01	9.91	11.10	11.99
F) Selling & Adm Expenses Exp.	0.91	1.62	2.03	2.43	3.03
G) TOTAL (D+E+F)	**9.96**	**11.38**	**12.58**	**14.05**	**15.41**
H) NET PROFIT	2.59	3.26	3.74	4.29	4.97
	5.1%	**5.6%**	**5.9%**	**6.2%**	**6.6%**
I) Taxation	-	-	-	-	-
J) PROFIT (After Tax)	2.59	3.26	3.74	4.29	4.97

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	0.87	-	-	-	-
Reserve & Surplus	2.59	3.26	3.74	4.29	4.97
Depriciation & Exp. W/off	0.79	0.68	0.58	0.49	0.42
Increase In Cash Credit	2.92	-	-	-	-
Increase In Term Loan	4.91	-	-	-	-
Increase in Creditors	1.31	0.12	0.13	0.13	0.13
TOTAL :	**13.40**	**4.06**	**4.44**	**4.91**	**5.52**
APPLICATION OF FUND					
Increase in Fixed Assets	5.45	-	-	-	-
Increase in Stock	2.19	0.21	0.22	0.22	0.23
Increase in Debtors	2.37	0.33	0.26	0.28	0.29
Repayment of Term Loan	0.55	1.09	1.09	1.09	1.09
Taxation	-	-	-	-	-
Drawings	1.80	2.50	3.00	3.50	4.00
TOTAL :	**12.36**	**4.13**	**4.57**	**5.09**	**5.61**
Opening Cash & Bank Balance	-	1.04	0.97	0.84	0.67
Add : Surplus	1.04	- 0.07	- 0.13	- 0.18	- 0.09
Closing Cash & Bank Balance	**1.04**	**0.97**	**0.84**	**0.67**	**0.58**

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	1.32	1.44	1.58	1.71	1.85
Raw Material					
(10 Days requirement)	0.88	0.96	1.04	1.13	1.22
Closing Stock	**2.19**	**2.40**	**2.62**	**2.84**	**3.06**

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.19		
Less:			
Sundry Creditors	1.31		
Paid Stock	**0.88**	**0.09**	**0.79**
Sundry Debtors	2.37	0.24	2.13
Working Capital Requirement			**2.92**
Margin			0.32
MPBF			**2.92**
Working Capital Demand			**2.92**

REPAYMENT SCHEDULE OF TERM LOAN 11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Cl Balance
I	Opening Balance						
	Ist Quarter	-	4.91	4.91	0.13	-	4.91
	Iind Quarter	4.91	-	4.91	0.13	-	4.91
	IIIrd Quarter	4.91	-	4.91	0.13	0.27	4.63
	Ivth Quarter	4.63	-	4.63	0.13	0.27	4.36
					0.53	0.55	
II	Opening Balance						
	Ist Quarter	4.36	-	4.36	0.12	0.27	4.09
	Iind Quarter	4.09	-	4.09	0.11	0.27	3.82
	IIIrd Quarter	3.82	-	3.82	0.10	0.27	3.54
	Ivth Quarter	3.54		3.54	0.10	0.27	3.27
					0.43	1.09	
III	Opening Balance						
	Ist Quarter	3.27	-	3.27	0.09	0.27	3.00
	Iind Quarter	3.00	-	3.00	0.08	0.27	2.73
	IIIrd Quarter	2.73	-	2.73	0.07	0.27	2.45
	Ivth Quarter	2.45		2.45	0.07	0.27	2.18
					0.31	1.09	
IV	Opening Balance						
	Ist Quarter	2.18	-	2.18	0.06	0.27	1.91
	Iind Quarter	1.91	-	1.91	0.05	0.27	1.64
	IIIrd Quarter	1.64	-	1.64	0.04	0.27	1.36
	Ivth Quarter	1.36		1.36	0.04	0.27	1.09
					0.19	1.09	
V	Opening Balance						
	Ist Quarter	1.09	-	1.09	0.03	0.27	0.82
	Iind Quarter	0.82	-	0.82	0.02	0.27	0.55
	IIIrd Quarter	0.55	-	0.55	0.01	0.27	0.27
	Ivth Quarter	0.27		0.27	0.01	0.27	0.00
					0.07	1.09	

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
CASH ACCRUALS	3.39	3.93	4.32	4.78	5.39
Interest on Term Loan	0.53	0.43	0.31	0.19	0.07
Total	3.92	4.37	4.63	4.98	5.47
REPAYMENT					
Repayment of Term Loan	0.55	1.09	1.09	1.09	1.09
Interest on Term Loan	0.53	0.43	0.31	0.19	0.07
Total	1.08	1.52	1.40	1.28	1.16
DEBT SERVICE COVERAGE RATIO	**3.64**	**2.87**	**3.30**	**3.87**	**4.69**
AVERAGE D.S.C.R.			**3.62**		

Assumptions:

1. Production Capacity of Areca Leaf Manufacturing Unit is taken at 5000 Pcs per day. First year, Capacity has been taken @ 70%.

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 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 8 HP.

10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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