

PROJECT REPORT

Of

BLACK PEPPER

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Black Pepper 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 : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **BLACK PEPPER**
- 6 Name of the project / business activity proposed : **BLACK PEPPER UNIT**
- 7 Cost of Project : Rs.12.65 Lakhs
- 8 Means of Finance
- Term Loan Rs.7.2 Lakhs
- Own Capital Rs.1.27 Lakhs
- Working Capital Rs.4.19 Lakhs
- 9 Debt Service Coverage Ratio : 3.60
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 32%
- 13 Employment : 11 Persons
- 14 Power Requirement : 12.00 HP
- 15 Major Raw materials : Whole Black Pepper
- 16 Estimated Annual Sales Turnover (Max Capacity) : 103.48 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	7.20
Furniture & Fixtures	0.80
Working Capital	4.65
Total	12.65

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.27
Working Capital(Finance)	4.19
Term Loan	7.20
Total	12.65

BLACK PEPPER UNIT

Introduction:

A spice is a seed, fruit, root, bark, or other plant substance primarily used for flavoring, coloring or preserving food. Spices are distinguished from herbs, which are the leaves, flowers, or stems of plants used for flavoring or as a garnish. Spices are very important and essential for adding and enhancing flavor, taste and scent in preparation of food. They are also useful in preparation of certain medicine. India is the largest producer, consumer and exporter of spices Andhra Pradesh, Gujarat, Orissa, Rajasthan are major states producing varieties of spices. Black pepper is one of the most commonly used spices worldwide. It's made by grinding peppercorns, which are dried berries from the vine *Piper nigrum*. It has a sharp and mildly spicy flavor that goes well with many dishes. People apply black pepper to the skin for measles, nerve pain, itchy skin caused by mites (scabies), and to treat pain. People inhale black pepper oil to prevent falls, to help quit smoking, and for trouble swallowing. In foods, black pepper and black pepper oil are used as a spice.



Uses & Market Potential:

India, known as the home of spices, boasts a long history of trading with the ancient civilizations of Rome and China. Today, Indian spices are the most sought-after globally, given their exquisite aroma, texture, taste and medicinal value. India has the largest domestic market for spices in the world. Traditionally, spices in India have been grown in small land holdings, with organic farming gaining prominence in recent times. India is the world's largest producer, consumer and exporter of spices; the country produces about 75 of the 109 varieties listed by the International Organization for Standardization (ISO) and accounts for half of the global trading in spices.

The Spices Board of India works towards the development and worldwide promotion of Indian spices. It provides quality control and certification, registers exporters, documents trade information and provides inputs to the central government on policy matters. The board participates in major international fairs and food exhibitions to promote Indian spices, apart from organizing various domestic events. Total spices export from India stood at 1.13 billion kg, valued at US \$ 3.32 billion in the year 2018-19. In FY20 (till December 2019), 857,400 tonnes of spices worth US\$ 2.25 billion have been exported.

Product:

Black Pepper

Raw Material:

The only raw material for this industry is Whole Black Pepper.

Manufacturing Process:



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 1200-1500Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Impact pulveriser without sieve	1	300000	300000
Packaging Machine	1	180000	180000
Material handling and other equipment's (Bins, trolley, weighing machine, kitchen tools etc.)	-	240000	240000
Total Amount			720000

Power Requirement- The estimated Power requirement is taken at 12 HP

Manpower Requirement- Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	55.86	68.69	79.74	91.34	103.48
Total (A)	55.86	68.69	79.74	91.34	103.48
<u>B) COST OF SALES</u>					
Raw Material Consumed	27.30	31.92	36.72	41.70	46.86
Electricity Expenses	0.94	1.07	1.21	1.34	1.48
Repair & Maintenance	1.68	1.72	1.99	2.28	2.59
Labour & Wages	15.25	18.60	21.95	25.24	28.52
Depreciation	1.16	0.99	0.85	0.72	0.62
Cost of Production	46.32	54.30	62.72	71.29	80.06
Add: Opening Stock /WIP	-	2.32	2.72	3.14	3.56
Less: Closing Stock /WIP	2.32	2.72	3.14	3.56	4.00
Cost of Sales (B)	44.01	53.90	62.29	70.86	79.62
C) GROSS PROFIT (A-B)	11.85	14.79	17.45	20.48	23.85
	21.22%	21.53%	21.88%	22.42%	23.05%
D) Bank Interest i) (Term Loan)	0.78	0.64	0.46	0.29	0.11
ii) Interest On Working Capital	0.46	0.46	0.46	0.46	0.46
E) Salary to Staff	5.92	6.99	8.11	9.08	9.99
F) Selling & Adm Expenses Exp.	1.40	2.06	2.79	3.65	4.66
G) TOTAL (D+E+F)	8.56	10.15	11.82	13.48	15.21
H) NET PROFIT	3.29	4.64	5.63	7.00	8.64
	5.9%	6.8%	7.1%	7.7%	8.4%
I) Taxation	-	-	0.26	0.55	0.89
J) PROFIT (After Tax)	3.29	4.64	5.37	6.46	7.75

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.27	-	-	-	-
Reserve & Surplus	3.29	4.64	5.63	7.00	8.64
Depreciation & Exp. W/off	1.16	0.99	0.85	0.72	0.62
Increase In Cash Credit	4.19	-	-	-	-
Increase In Term Loan	7.20	-	-	-	-
Increase in Creditors	1.37	0.23	0.24	0.25	0.26
TOTAL :	18.47	5.86	6.72	7.97	9.51
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.00	-	-	-	-
Increase in Stock	3.23	0.55	0.58	0.59	0.61
Increase in Debtors	2.79	0.64	0.55	0.58	0.61
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Taxation	-	-	0.26	0.55	0.89
Drawings	3.00	3.50	3.80	4.50	6.00
TOTAL :	17.82	6.29	6.79	7.82	9.70
Opening Cash & Bank Balance	-	0.65	0.22	0.14	0.29
Add : Surplus	0.65	- 0.44	- 0.08	0.15	- 0.19
Closing Cash & Bank Balance	0.65	0.22	0.14	0.29	0.10

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	2.32	2.72	3.14	3.56	4.00
<u>Raw Material</u>					
(10 Days requirement)	0.91	1.06	1.22	1.39	1.56
Closing Stock	3.23	3.78	4.36	4.95	5.57

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.23		
Less:			
Sundry Creditors	1.37		
Paid Stock	1.86	0.19	1.67
Sundry Debtors	2.79	0.28	2.51
Working Capital Requirement			4.19
Margin			0.47
MPBF			4.19
Working Capital Demand			4.19

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	7.20	7.20	0.20	-	7.20
	Iind Quarter	7.20	-	7.20	0.20	-	7.20
	IIIrd Quarter	7.20	-	7.20	0.20	0.40	6.80
	Ivth Quarter	6.80	-	6.80	0.19	0.40	6.40
					0.78	0.80	
II	Opening Balance						
	Ist Quarter	6.40	-	6.40	0.18	0.40	6.00
	Iind Quarter	6.00	-	6.00	0.17	0.40	5.60
	IIIrd Quarter	5.60	-	5.60	0.15	0.40	5.20
	Ivth Quarter	5.20		5.20	0.14	0.40	4.80
					0.64	1.60	
III	Opening Balance						
	Ist Quarter	4.80	-	4.80	0.13	0.40	4.40
	Iind Quarter	4.40	-	4.40	0.12	0.40	4.00
	IIIrd Quarter	4.00	-	4.00	0.11	0.40	3.60
	Ivth Quarter	3.60		3.60	0.10	0.40	3.20
					0.46	1.60	
IV	Opening Balance						
	Ist Quarter	3.20	-	3.20	0.09	0.40	2.80
	Iind Quarter	2.80	-	2.80	0.08	0.40	2.40
	IIIrd Quarter	2.40	-	2.40	0.07	0.40	2.00
	Ivth Quarter	2.00		2.00	0.06	0.40	1.60
					0.29	1.60	
V	Opening Balance						
	Ist Quarter	1.60	-	1.60	0.04	0.40	1.20
	Iind Quarter	1.20	-	1.20	0.03	0.40	0.80
	IIIrd Quarter	0.80	-	0.80	0.02	0.40	0.40
	Ivth Quarter	0.40		0.40	0.01	0.40	- 0.00
					0.11	1.60	

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>	4.45	5.63	6.21	7.18	8.37
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	5.24	6.27	6.68	7.46	8.48
<u>REPAYMENT</u>					
Repayment of Term Loan	0.80	1.60	1.60	1.60	1.60
Interest on Term Loan	0.78	0.64	0.46	0.29	0.11
Total	1.58	2.24	2.06	1.89	1.71
DEBT SERVICE COVERAGE RATIO	3.31	2.80	3.24	3.96	4.96
AVERAGE D.S.C.R.			3.60		

Assumptions:

1. Production Capacity of Black Pepper unit is taken at 200 KG per day. First year, Capacity has been taken @ 35%.
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 and 15 days respectively.
4. Credit period to Sundry Debtors has been given for 15 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 12 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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