

PROJECT REPORT

Of

BYADGI CHILLI POWDER

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Byadgi Chilli Powder 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 : **BYADGI CHILLI POWDER**
- 6 Name of the project / business activity proposed : **BYADGI CHILLI POWDER UNIT**
- 7 Cost of Project : Rs.12.84 Lakhs
- 8 Means of Finance
- Term Loan Rs.7.47 Lakhs
- Own Capital Rs.1.28 Lakhs
- Working Capital Rs.4.09 Lakhs
- 9 Debt Service Coverage Ratio : 2.93
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 36%
- 13 Employment : 11 Persons
- 14 Power Requirement : 12.00 HP
- 15 Major Raw materials : Byadgi Chillies with stem
- 16 Estimated Annual Sales Turnover (Max Capacity) : 91.42 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	7.30
Furniture & Fixtures	1.00
Working Capital	4.54
Total	12.84

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.28
Working Capital(Finance)	4.09
Term Loan	7.47
Total	12.84

BYADGI CHILLI POWDER UNIT

Introduction:

The Byadgi (or Byadagi) chilli is a well-known chilli variety grown in Karnataka. It is named after Byadgi, the Taluk (tehsil) headquarters in the Karnataka district of Haveri. The Byadagi chilli is a long (12-15 cm) and small, bright red variety of chilli with wrinkled pods. The fragrance and deep red colour of Byadgi chillies are well-known. The highest colour values are found in Byadgi chillies, which range from 150000 to 250000 CU (Colour Units) or 80-130 ASTA colour units. The pungency of Byadgi chillies is mild, and the seed content is moderate. Byadgi chillies have a capsaicin content ranging from 0.8 to 1.3 percent, and their pungency ranges from 8000 to 15000 SHU (Scoville Heat Units). Byadgi chillies have been designated as a Karnataka Geographical Indication (GI application No. 129) commodity. In Karnataka, the Byadgi chilli is cultivated in the rainfed districts of Dharwad, Gadag, and Haveri.

Chilli yields in these districts range from 0.5 to 1.25 MT/ha. Other districts where Guntur variety chillies were previously cultivated, such as Bellary, Raichur, and Gulbarga, have switched to growing Byadgi variety chillies, which have a higher oleoresin content and an optimum yield of 3.75-5.00 MT/ha. It is grown in the districts of Karnool and Adhoni in the neighbouring state of Andhra Pradesh. In cuisine, Byadgi chilli is often used as a ground spice powder. Byadgi chilli is preferred in the manufacture of pickles, masala products, and chilli powder because it helps them to obtain the best colour naturally while preventing their products being too pungent for use. Because of its bright red colour, the Byadgi chilli is also useful as a colouring agent. Byadgi chilli is commonly used in the extraction of oleoresin, a form of oil.



Uses & Market Potential:

Dry chilli farming is more lucrative than green chilli farming because there is still a strong market demand for it. Producers will make a lot of money from it. Byadgi chillies are typically sold in gunny bags weighing 30-40 kg. Chillies are dried and processed in gunny bags by growers. Dried Byadgi chillies are available in a variety of types in the market, including Byadgi chillies with stems, Byadgi chillies without stems, crushed dried red chilli flakes, and dried red chilli powder. The dried whole chilli (with and without stem), chilli powder (ground and crushed), chilli paste, chilly chutney, and chilli seeds are all products of the Byadagi chilli. It's still in high demand in the oleoresin industry, and the oleoresin derived from it is used to make food and cosmetic products.

Due to its use as a natural red colour in the food industry, the market for Byadgi chilli is skyrocketing. Byadgi chillies are used as a replacement for paprika by oleoresin producers in the international market (Sri Lanka, Bangladesh, America, Europe, Nepal, Indonesia, Mexico). Byadgi chilli traders primarily supply Byadgi chilli to leading exporters in Cochin (Kerala), Tamil Nadu, and West Bengal, who then value-add the commodity and export it as Paprika Oleoresin.

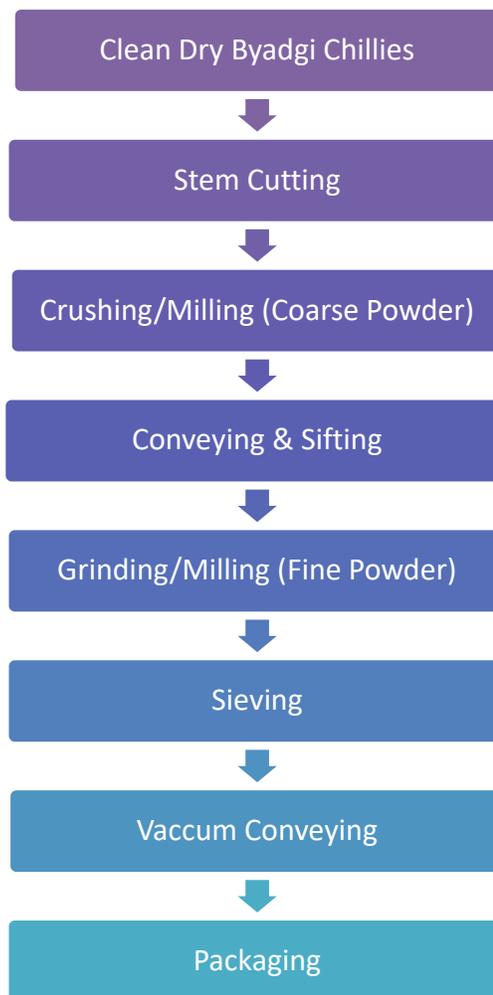
Product:

Byadgi Chilli Powder

Raw Material:

The clean and dried Byadgi chillies with stem obtained after primary processing is used as the raw material for the production of Byadgi Chilli Powder.

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 1000-1500Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Hammer Mill	1	105000	105000
Kandap Machine	1	125000	125000
Sifting Machine	1	80000	80000
Packaging Machine	1	180000	180000
Material handling and other equipment's	-	240000	240000
Total Amount			730000

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 BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	1.78	2.73	4.14	5.97
Add: Additions	1.28	-	-	-	-
Add: Net Profit	2.69	3.55	4.41	5.23	6.09
Less: Drawings	2.20	2.60	3.00	3.40	4.00
Closing Balance	1.78	2.73	4.14	5.97	8.06
CC Limit	4.09	4.09	4.09	4.09	4.09
Term Loan	6.64	4.98	3.32	1.66	-
Sundry Creditors	1.35	1.56	1.78	2.00	2.24
TOTAL :	13.85	13.35	13.32	13.72	14.38
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	8.30	8.30	8.30	8.30	8.30
Gross Dep.	1.20	2.22	3.09	3.83	4.47
Net Fixed Assets	7.11	6.08	5.21	4.47	3.83
Current Assets					
Sundry Debtors	2.39	2.91	3.34	3.79	4.27
Stock in Hand	3.49	4.04	4.60	5.19	5.80
Cash and Bank	0.86	0.32	0.17	0.26	0.49
TOTAL :	13.85	13.35	13.32	13.72	14.38

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	51.30	62.43	71.64	81.30	91.42
Total (A)	51.30	62.43	71.64	81.30	91.42
<u>B) COST OF SALES</u>					
Raw Material Consumed	27.00	31.19	35.55	40.10	44.82
Electricity Expenses	1.07	1.21	1.34	1.48	1.61
Repair & Maintenance	1.28	1.56	1.79	2.03	2.29
Labour & Wages	12.35	14.57	16.90	19.44	21.77
Depreciation	1.20	1.02	0.87	0.75	0.64
Cost of Production	42.90	49.55	56.46	63.79	71.12
Add: Opening Stock /WIP	-	2.14	2.48	2.82	3.19
Less: Closing Stock /WIP	2.14	2.48	2.82	3.19	3.56
Cost of Sales (B)	40.75	49.21	56.11	63.42	70.76
C) GROSS PROFIT (A-B)	10.55	13.21	15.53	17.88	20.66
	20.56%	21.17%	21.67%	22.00%	22.60%
D) Bank Interest i) (Term Loan)	0.81	0.66	0.48	0.30	0.11
ii) Interest On Working Capital	0.45	0.45	0.45	0.45	0.45
E) Salary to Staff	5.67	6.80	7.89	8.84	9.90
F) Selling & Adm Expenses Exp.	0.92	1.75	2.29	2.85	3.66
G) TOTAL (D+E+F)	7.85	9.66	11.11	12.43	14.12
H) NET PROFIT	2.69	3.55	4.41	5.45	6.54
	5.2%	5.7%	6.2%	6.7%	7.2%
I) Taxation	-	-	-	0.22	0.45
J) PROFIT (After Tax)	2.69	3.55	4.41	5.23	6.09

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.28	-	-	-	-
Reserve & Surplus	2.69	3.55	4.41	5.45	6.54
Depreciation & Exp. W/off	1.20	1.02	0.87	0.75	0.64
Increase In Cash Credit	4.09	-	-	-	-
Increase In Term Loan	7.47	-	-	-	-
Increase in Creditors	1.35	0.21	0.22	0.23	0.24
TOTAL :	18.08	4.78	5.50	6.42	7.41
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.30	-	-	-	-
Increase in Stock	3.49	0.54	0.56	0.59	0.60
Increase in Debtors	2.39	0.52	0.43	0.45	0.47
Repayment of Term Loan	0.83	1.66	1.66	1.66	1.66
Taxation	-	-	-	0.22	0.45
Drawings	2.20	2.60	3.00	3.40	4.00
TOTAL :	17.22	5.32	5.65	6.33	7.19
Opening Cash & Bank Balance	-	0.86	0.32	0.17	0.26
Add : Surplus	0.86	- 0.54	- 0.15	0.10	0.23
Closing Cash & Bank Balance	0.86	0.32	0.17	0.26	0.49

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	2.14	2.48	2.82	3.19	3.56
<u>Raw Material</u>					
(15 Days requirement)	1.35	1.56	1.78	2.00	2.24
Closing Stock	3.49	4.04	4.60	5.19	5.80

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.49		
Less:			
Sundry Creditors	1.35		
Paid Stock	2.14	0.21	1.93
Sundry Debtors	2.39	0.24	2.15
Working Capital Requirement			4.09
Margin			0.45
MPBF			4.09
Working Capital Demand			4.09

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	7.47	7.47	0.21	-	7.47
	Iind Quarter	7.47	-	7.47	0.21	-	7.47
	IIIrd Quarter	7.47	-	7.47	0.21	0.42	7.06
	Ivth Quarter	7.06	-	7.06	0.19	0.42	6.64
					0.81	0.83	
II	Opening Balance						
	Ist Quarter	6.64	-	6.64	0.18	0.42	6.23
	Iind Quarter	6.23	-	6.23	0.17	0.42	5.81
	IIIrd Quarter	5.81	-	5.81	0.16	0.42	5.40
	Ivth Quarter	5.40		5.40	0.15	0.42	4.98
					0.66	1.66	
III	Opening Balance						
	Ist Quarter	4.98	-	4.98	0.14	0.42	4.57
	Iind Quarter	4.57	-	4.57	0.13	0.42	4.15
	IIIrd Quarter	4.15	-	4.15	0.11	0.42	3.74
	Ivth Quarter	3.74		3.74	0.10	0.42	3.32
					0.48	1.66	
IV	Opening Balance						
	Ist Quarter	3.32	-	3.32	0.09	0.42	2.91
	Iind Quarter	2.91	-	2.91	0.08	0.42	2.49
	IIIrd Quarter	2.49	-	2.49	0.07	0.42	2.08
	Ivth Quarter	2.08		2.08	0.06	0.42	1.66
					0.30	1.66	
V	Opening Balance						
	Ist Quarter	1.66	-	1.66	0.05	0.42	1.25
	Iind Quarter	1.25	-	1.25	0.03	0.42	0.83
	IIIrd Quarter	0.83	-	0.83	0.02	0.42	0.42
	Ivth Quarter	0.42		0.42	0.01	0.42	0.00
					0.11	1.66	

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>	3.89	4.57	5.29	5.97	6.73
Interest on Term Loan	0.81	0.66	0.48	0.30	0.11
Total	4.70	5.23	5.77	6.27	6.84
<u>REPAYMENT</u>					
Repayment of Term Loan	0.83	1.66	1.66	1.66	1.66
Interest on Term Loan	0.81	0.66	0.48	0.30	0.11
Total	1.64	2.32	2.14	1.96	1.77
DEBT SERVICE COVERAGE RATIO	2.86	2.25	2.69	3.20	3.86
AVERAGE D.S.C.R.			2.93		

Assumptions:

1. Production Capacity of Byadgi Chilli Powder unit is taken at 300 KG per day. First year, Capacity has been taken @ 40%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 15 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 12 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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