

PROJECT REPORT

Of

GAJAK MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Gajak 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 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 : **GAJAK**
- 6 Name of the project / business activ **GAJAK MANUFACTURING UNIT**
- 7 Cost of Project : Rs. 22.37 Lakhs
- 8 Means of Finance
- Term Loan Rs. 11.78 Lakhs
- Own Capital Rs. 5.59 Lakhs
- Working Capital Rs. 5.00 Lakhs
- 9 Debt Service Coverage Ratio : 3.14
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6-7 Months
- 12 Break Even Point : 40%
- 13 Employment : 13 Persons
- 14 Power Requirement : 10.00 KW
- 15 Major Raw materials : Jaggery, peanut etc.
- 16 Estimated Annual Sales Turnov : 86.13 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	14.10
Miss Assets	1.60
Furniture & Fixtures	
Working Capital	6.67
Total	22.37

MEANS OF FINANCE

Particulars	Amount
Own Contribution	5.59
Working Capital(Finance)	5.00
Term Loan	11.78
Total	22.37

1. INTRODUCTION



Jaggery and confectionery are the classical decentralized cane sweets prepared and used by many people all over the world. Both are playing an overriding role in the sugar economy by reaching the demands of export trade. Traditionally, India has been producing jaggery and confectionery for export revenues and is the foremost leading countries in exporting jaggery and confectionery since the ancient period. The current stage of jaggery exports is not consistent with high variance in prices due to changing market scenario, income and taste patterns. India with divergent food habits is having a number of traditional foods, including sweet products. Brittle Gajak is one of the popular Indian traditional sweet snacks. Brittle Gajak is mainly prepared using jaggery as a sweetener and roasted nuts/sesame. Mostly liked by all age groups, also possesses nutritional importance in it.

2. MARKET POTENTIAL:

Gazak, also called as peanut brittle in western countries is a ready to eat traditional sweet snack, which is popular throughout the country and consumed by all the sections of the population. The functional food industry in India is strong and is a growing force in the international health foods market. The health and wellness foods market is currently estimated to be in the vicinity of USD 1.6 billion and was of USD 7.5–10 billion by the year 2015. According to market statistics, the global functional food and nutraceuticals market is increasing with a compound annual growth rate (CAGR) of 7.4% that is outpacing the traditional processed food market and is expected to reach USD 180 billion in 2018.

In the world, India ranks first in the production and area of sesame seeds and is grown in different seasons covering practically all agro-ecological zones. Sesame is a rich source of calcium (approx. 1%) and phosphorous (approx. 0.7%). Sesame contains ample amounts of oleic (43%), linoleic (35%), palmitic (11%) and stearic acid (7%) which together comprise 96% of the total fatty acids (saydut A et al., 2008) It has many uses and it is markedly different from other vegetable oils due to its high nutritional and therapeutic values.

Gur (Jaggery) is a natural, traditional sweetener made by the concentration of sugarcane juice and is known all over the world in different local names. India is the largest producer and consumer of jaggery. Out of total world production, more than 70% is produced in India.

3. PRODUCT DESCRIPTION

3.1 PRODUCT BENEFITS

The demand for functional ingredients in Gajak is rising, owing to their nutritional benefits.

- **Boosts Digestion:** Sesame seeds and jaggery are both great for digestion and ensure regular bowel movements.
- **Boosts Skin Health:** Sesame seeds have anti-inflammatory properties that are good for the skin, which tends to become dry and flaky during winters.
- **Boosts Energy Levels:** The presence of jaggery in gajak makes it a great energiser. Even sesame seeds are great for boosting energy levels, due to the presence of high levels of good fat in them. Eating a small piece before or after your workout may boost energy or fasten recovery, respectively.
- **Satiating Fiber:** Gajak is filling, as sesame seeds are rich in fiber, which makes it a good winter snack

3.2 RAW MATERIAL

The raw materials required for Gajak is as follow:

- Sesame
- Jaggery
- Water

Average raw material cost per 1 kg packet of Gajak: Rs. 50-60

3.3 MANUFACTURING PROCESS

- First step is to roast the sesame in the roasting machine to withdraw the rawness in the seeds and kept aside to cool down.
- Side by side jaggery and water is melted together to make a sugary syrup which later after cooling is kneading to look like a loosened dough.
- Next step involves the mixing of sesame and the jaggery syrup together and are properly mashed and mixed such that the sesame seeds break into coarse material mixed in the melted jaggery.
- The mixture is then put into the machine for further cooling, shaping and cutting into bars.
- The final stage is the packaging stage, where the finished confectionery is packaged by using packaging machine or it can also be done manually

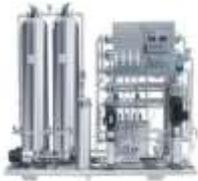
4. PROJECT COMPONENTS

4.1 Land & Building

The approximate total area required for complete factory setup is 2000-2500 Sq. ft. for smooth production including storage area. It is expected that the premises will be on rental.

4.2 Plant & Machinery

Machine Name	Description	Machine Image.
Jaggery syrup making kettle	These kettles have the limpet elaborate heating surface which helps in making the syrup quickly without charring and burning.	
Sesame Roasting Machine	Used in roasting sesame. This machine can also roast all types of edible seeds.	

Sesame Bar making machine	<p>This compact machine includes:</p> <ul style="list-style-type: none"> ✓ Gajak mix rolling and feeding system ✓ Gajak mix cooling system ✓ Gajak bar cutting/slicing machine 	
RO Water Plant	<p>It is a water purification process that uses a partially permeable membrane to separate ions, unwanted molecules and larger particles from drinking water.</p>	
Material handling Equipments & other equipments	<p>These Equipments are used for material handling</p>	

Note: Approx. Total Machinery cost shall be Rs 14.10 lakhs including equipment's but excluding GST and Transportation Cost.

4.3 Power Requirement

The borrower shall require power load of 10 KW which shall be applied with Power Corporation.

4.4 Manpower Requirement

18 Manpower are required for the Maize Flour Mill Business.

Includes:

3 Plant Operator

1 Supervisor

4 Skilled Labour

4 Unskilled Labour

1 Manager

4 Administrative Staffs

1 Accountant

5. FINANCIALS

5.1 Cost of Project

COST OF PROJECT	
	(in Lacs)
PARTICULARS	Amount
Land & Building	Owned/Rented
Plant & Machinery	14.10
Miscellaneous Assets	1.60
Working capital	6.67
Total	22.37

5.2 Means of Finance

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution @ 25%	5.59
Term Loan @ 75%	11.78
Working Capital (Bank Finance)	5.00
Total	22.37

5.3 Projected Balance Sheet

<u>PROJECTED BALANCE SHEET</u>					
(in Lacs)					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		5.90	8.28	12.13	13.56
Add:- Own Capital	5.59				
Add:- Retained Profit	2.31	4.88	6.85	9.43	11.80
Less:- Drawings	2.00	2.50	3.00	8.00	10.00
Subsidy/grant	-				
Closing Balance	5.90	8.28	12.13	13.56	15.36
Term Loan	10.47	7.85	5.23	2.62	-
Working Capital Limit	5.00	5.00	5.00	5.00	5.00
Sundry Creditors	1.05	1.22	1.41	1.61	1.82
Provisions & Other Liab	0.40	0.50	0.60	0.72	0.86
TOTAL :	22.82	22.85	24.37	23.50	23.05
<u>Assets</u>					
Fixed Assets (Gross)	15.70	15.70	15.70	15.70	15.70
Gross Dep.	2.28	4.22	5.87	7.29	8.50
Net Fixed Assets	13.43	11.48	9.83	8.41	7.20
Current Assets					
Sundry Debtors	2.87	3.43	3.94	4.48	5.05
Stock in Hand	5.38	6.22	7.12	8.07	9.08
Cash and Bank	1.14	1.71	3.49	2.54	1.72
TOTAL :	22.82	22.85	24.37	23.50	23.05

5.4 Projected Cash Flow

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	5.59				
Net Profit	2.31	5.00	7.47	10.79	14.18
Depriciation & Exp. W/off	2.28	1.94	1.66	1.42	1.21
Increase in Cash Credit	5.00	-	-	-	-
Increase In Term Loan	11.78	-	-	-	-
Increase in Creditors	1.05	0.17	0.19	0.20	0.21
Increase in Provisions & Oth lib	0.40	0.10	0.10	0.12	0.14
Sunsidy/grant	-				
TOTAL :	28.40	7.22	9.41	12.53	15.75
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.70				
Increase in Stock	5.38	0.84	0.90	0.95	1.01
Increase in Debtors	2.87	0.56	0.51	0.54	0.57
Repayment of Term Loan	1.31	2.62	2.62	2.62	2.62
Drawings	2.00	2.50	3.00	8.00	10.00
Taxation	-	0.13	0.62	1.36	2.38
TOTAL :	27.26	6.64	7.64	13.47	16.58
Opening Cash & Bank Balance	-	1.14	1.71	3.49	2.54
Add : Surplus	1.14	0.57	1.77	-0.94	-0.83
Closing Cash & Bank Balance	1.14	1.71	3.49	2.54	1.72

5.5 Projected Profitability

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
Gajak	86.13	103.04	118.25	134.44	151.59
Total	86.13	103.04	118.25	134.44	151.59
<u>COST OF SALES</u>					
Raw Material Consumed	45.00	52.47	60.48	69.03	78.12
Electricity Expenses	2.40	2.76	3.17	3.65	4.02
Depreciation	2.28	1.94	1.66	1.42	1.21
Wages & labour	16.20	17.82	19.60	21.17	22.86
Repair & maintenance	2.15	2.58	2.96	3.36	3.79
Packaging	3.45	4.12	4.73	5.38	6.06
Cost of Production	71.47	81.69	92.60	104.00	116.06
Add: Opening Stock /WIP	-	2.38	2.72	3.09	3.47
Less: Closing Stock /WIP	2.38	2.72	3.09	3.47	3.87
Cost of Sales	69.09	81.35	92.24	103.62	115.66
GROSS PROFIT	17.04	21.69	26.02	30.81	35.93
	19.78%	21.05%	22.00%	22.92%	23.70%
Salary to Staff	6.84	8.07	9.36	10.21	11.23
Interest on Term Loan	1.16	1.02	0.73	0.44	0.16
Interest on working Capital	0.55	0.55	0.55	0.55	0.55
Rent	3.60	3.96	4.36	4.79	5.27
selling & adm exp	2.58	3.09	3.55	4.03	4.55
TOTAL	14.73	16.69	18.55	20.02	21.75
NET PROFIT	2.31	5.00	7.47	10.79	14.18
	2.68%	4.85%	6.32%	8.03%	9.36%
Taxation	-	0.13	0.62	1.36	2.38
PROFIT (After Tax)	2.31	4.88	6.85	9.43	11.80

5.10 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	4.58	6.82	8.51	10.84	13.01
Interest on Term Loan	1.16	1.02	0.73	0.44	0.16
Total	5.74	7.84	9.24	11.29	13.17
<u>REPAYMENT</u>					
Instalment of Term Loan	1.31	2.62	2.62	2.62	2.62
Interest on Term Loan	1.16	1.02	0.73	0.44	0.16
Total	2.47	3.64	3.35	3.06	2.77
DEBT SERVICE COVERAGE RATIO	2.33	2.16	2.76	3.69	4.75
AVERAGE D.S.C.R.	3.14				

5.12 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
					Interest	11.00%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	11.78	11.78	-	-	11.78
	2nd month	11.78	-	11.78	0.11	-	11.78
	3rd month	11.78	-	11.78	0.11	-	11.78
	4th month	11.78	-	11.78	0.11		11.78
	5th month	11.78	-	11.78	0.11		11.78
	6th month	11.78	-	11.78	0.11		11.78
	7th month	11.78	-	11.78	0.11	0.22	11.56
	8th month	11.56	-	11.56	0.11	0.22	11.34
	9th month	11.34	-	11.34	0.10	0.22	11.12
	10th month	11.12	-	11.12	0.10	0.22	10.90
	11th month	10.90	-	10.90	0.10	0.22	10.68
	12th month	10.68	-	10.68	0.10	0.22	10.47
					1.16	1.31	
2nd	Opening Balance						
	1st month	10.47	-	10.47	0.10	0.22	10.25
	2nd month	10.25	-	10.25	0.09	0.22	10.03
	3rd month	10.03	-	10.03	0.09	0.22	9.81
	4th month	9.81	-	9.81	0.09	0.22	9.59
	5th month	9.59	-	9.59	0.09	0.22	9.38
	6th month	9.38	-	9.38	0.09	0.22	9.16

	7th month	9.16	-	9.16	0.08	0.22	8.94
	8th month	8.94	-	8.94	0.08	0.22	8.72
	9th month	8.72	-	8.72	0.08	0.22	8.50
	10th month	8.50	-	8.50	0.08	0.22	8.29
	11th month	8.29	-	8.29	0.08	0.22	8.07
	12th month	8.07	-	8.07	0.07	0.22	7.85
					1.02	2.62	
3rd	Opening Balance						
	1st month	7.85	-	7.85	0.07	0.22	7.63
	2nd month	7.63	-	7.63	0.07	0.22	7.41
	3rd month	7.41	-	7.41	0.07	0.22	7.20
	4th month	7.20	-	7.20	0.07	0.22	6.98
	5th month	6.98	-	6.98	0.06	0.22	6.76
	6th month	6.76	-	6.76	0.06	0.22	6.54
	7th month	6.54	-	6.54	0.06	0.22	6.32
	8th month	6.32	-	6.32	0.06	0.22	6.11
	9th month	6.11	-	6.11	0.06	0.22	5.89
	10th month	5.89	-	5.89	0.05	0.22	5.67
	11th month	5.67	-	5.67	0.05	0.22	5.45
	12th month	5.45	-	5.45	0.05	0.22	5.23
					0.73	2.62	
4th	Opening Balance						
	1st month	5.23	-	5.23	0.05	0.22	5.02
	2nd month	5.02	-	5.02	0.05	0.22	4.80
	3rd month	4.80	-	4.80	0.04	0.22	4.58
	4th month	4.58	-	4.58	0.04	0.22	4.36

	5th month	4.36	-	4.36	0.04	0.22	4.14
	6th month	4.14	-	4.14	0.04	0.22	3.93
	7th month	3.93	-	3.93	0.04	0.22	3.71
	8th month	3.71	-	3.71	0.03	0.22	3.49
	9th month	3.49	-	3.49	0.03	0.22	3.27
	10th month	3.27	-	3.27	0.03	0.22	3.05
	11th month	3.05	-	3.05	0.03	0.22	2.83
	12th month	2.83	-	2.83	0.03	0.22	2.62
					0.44	2.62	
5th	Opening Balance						
	1st month	2.62	-	2.62	0.02	0.22	2.40
	2nd month	2.40	-	2.40	0.02	0.22	2.18
	3rd month	2.18	-	2.18	0.02	0.22	1.96
	4th month	1.96	-	1.96	0.02	0.22	1.74
	5th month	1.74	-	1.74	0.02	0.22	1.53
	6th month	1.53	-	1.53	0.01	0.22	1.31
	7th month	1.31	-	1.31	0.01	0.22	1.09
	8th month	1.09	-	1.09	0.01	0.22	0.87
	9th month	0.87	-	0.87	0.01	0.22	0.65
	10th month	0.65	-	0.65	0.01	0.22	0.44
	11th month	0.44	-	0.44	0.00	0.22	0.22
	12th month	0.22	-	0.22	0.00	0.22	-
					0.16	2.62	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
	REPAYMENT PERIOD	6		MONTHS			
		54		MONTHS			

6. LICENSE & APPROVALS

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- Fire/pollution license as required.
- FSSAI License
- Factory License
- Choice of a Brand Name of the product and secure the name with Trademark if required.

7. ASSUMPTIONS

1. Production Capacity Gajak is 75 kg per hr. First year, Capacity has been taken @ 50%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock is for 20 days and Finished goods Closing Stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 10 days.
5. Credit period by the Sundry Creditors has been provided for 7 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 10 KW.
10. Increase in sales and raw material costing has been taken @ 5% on a yearly basis

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