PROJECT REPORT

Of

HONEY PROCESSING

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Honey Processing.

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	:	xxxxxxxxxxxxxxxxxxxxxxx	
			District : xxxxxxx	
			Pin: xxxxxxx	State: xxxxxxxxxx
			Mobile xxxxxxx	
5	Product and By Product	:	**HONEY**	
6	Name of the project / business activity proposed :		**HONEY PROCESSING UNIT**	
7	Cost of Project	:	Rs.46.73 Lakhs	
8	Means of Finance			
	Term Loan		Rs.32.06 Lakhs	
	Own Capital		Rs.4.67 Lakhs	
	Working capital		Rs.10 Lakhs	
9	Debt Service Coverage Ratio	:	2.13	
10	Pay Back Period	:	5	Years
11	Project Implementation Period	:	5-6	Months
12	Break Even Point	:	28%	
13	Employment	:	10	Persons
14	Power Requirement	:	40.00	HP
15	Major Raw materials	:	Raw Honey, Chemicals and consumables, packing material	
16	Estimated Annual Sales Turnover (Max Capacity)	:	225.86	Lakhs
17	Detailed Cost of Project & Means of Finance			

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	34.12
Furniture & Fixtures	1.50
Working Capital	11.11
Total	**46.73**

MEANS OF FINANCE

Particulars	Amount
Own Contribution	4.67
Working Capital(Finance)	10.00
Term Loan	32.06
Total	**46.73**

HONEY PROCESSING

Introduction: Honey means the natural sweet substance produced by honey bees from the nectar of blossoms or from secretions of plants which honey bees collect, transform store in honey combs for ripening. It shall be free from any foreign matter such as mould, dirt, scum, pieces of beeswax, the fragments of bees and other insects and from any other extraneous matter. Honey is among the most popular and widely used sweetener with enormous health benefits. It is used by several cultures around the world serving as a base for many traditional medicines, especially in Ayurveda. It is used in strengthens immune system, preparing cosmetic products, health tonic and food processing industries for preparing different types of drinks, bakery products, sweets etc. Beekeeping is an ideal activity for development as a subsidiary occupation providing supplementary income. Beekeeping is feasible in areas where adequate bee flora available for a minimum period of 6 months. Honey produced by Indian hive bees is collected by modern extractor. The extracted honey contains hemophilic yeasts, which causes fermentation and destroy the quality of honey. To maintain the qualitative and quantitative value of honey the processing in modern Honey Processing plant is essential.

Product & it's Application: From centuries, honey has been used as a natural sweetening agent and in the preparation of confectionaries. It has vast application in the pharmaceutical industry, and it is also considered as a medicine by Ayurved. It is popularly used as a household cure for cough and hence used as vehicle for medicines in many popular brands of Cough Syrup. It is a preferred consumable for people on dieting. Honey is also used for making lozenges. However, it is mostly sold in glass Jars as pure honey. In bottled honey normally moisture content of honey is reduced. Good quality honey has high demand in the international market and it has the potential to generate substantial foreign exchange for the Country.

Market Potential: Honey is a major consumable in the international market both as a food item as well as in industries such as Pharmaceuticals, Cosmetics and Confectionary. The demand is especially high for refined, high quality honey free pesticides, insecticides and other agrochemicals. In the domestic market very little amount of honey is use for personal consumption, while majority is utilized by the pharmaceutical and confectionary industry. With changing life style and increasing health consciousness, honey is been increasing consumes as health food. This is likely to drive the domestic demand in future.

As per the information available from Agricultural & Processed Food Products Export Development Authority, India has exported 51547.31 MT of Natural Honey to the world for the worth of Rs. 653.58 crore/ 101.32 USD Million during the year of 2017-18 and the Major Export Destinations (2017-18) are USA, Saudi Arab, U Arab Emts, Canada and Qatar.

Raw material: Only honey and basic packing material (bottle, lids and labels) are required for raw material.

Machinery Requirement: Major machines and equipments are as follows:

S No.	Name	Quantity	Amount
1.	Receiving SS Tank Inner Shell made of 4 mm thickness SS 304 , Bottom cone & top lid open 25%. Outer shell made of 4 mm thickness, SS 304, bottom cone 4 mm thickness SS 304. Top inlet, bottom drain with valves. Inside stirrer can provide. Stirrer drive3.0 HP 20 rpm flange mounted gearmotor (Non-FLP), Mounted on SS 304 legs. Capacity 750 ltr.	2	874000
2.	Primary Filter Shell made of 2 mm thickness SS 304, bottom cone 2 mm thickness SS 304, top lid open type with lock nuts, inside SS 304 1mm hole mesh can provided. Top inlet & bottom drain with valve, Mounted on SS 304 legs. Capacity 25 Ltr.	1	56000
3.	Gear Pump With Motor Capacity: 130 LPMDiff. Head: Max. 10 kg/cm Motor: 5.0 HP (3.7 kw)Capaciy: 130 LPM	1	95000
4.	Bag Filter (Dual Type):Shell made of 3mm thickness SS 304, bottom dish 3 mm thickness SS 304, top lid open type with lock nuts, inside perforated basket with 100 microns filter cloths. Top inlet, bottom drain & air vent with valve. Mounted on SS 304 legs.	1	157000
5.	Moisture Reduction TankShell made of 3mm thickness SS 304, bottom cone 3 mm thickness SS 304, top lid open type with lock nuts.Inside perforate plates with supports,and bottom hot nozzle with heating chamber & 7.5 HP blowers and top side suction 7.5 HP blowers & control panel can provide.	1	965000

6.	Jacketed Storage TankInner shell made of 3 mm thickness SS 304, Bottom cone 3 mm thickness SS 304, top lid 25% open. Air vent with value, top inlet & bottom drain with valves can provided. Mounted on SS 304 legs. Capacity: 1500 Ltr.	2	616000
7.	Modular FrameMaterial of construction (MOC): MS	1	95000
8.	Hot Water Boiler (Wood Fired)MOC: SS MS	1	157000
9.	Semi-Automatic Single head Machine To fill viscous products I Premade Pouches/Jars/Containers with piston operated filling system. Model able single filling station machine with adjustable tray. Feeding System: Volumetric Piston Operated filling systemProduction Speed: 8 to 20 fill/min (depends on materials) Filling Range:+/- 2-3 gms No. of filling counter: Adjustable screw system AirCompressor-3.0 HP	1	347000
10.	Other equipments and hand tools	Ls	50000
	Total Amount		**3412000**

Manufacturing Process: The industry of honey is not a simple sequential chain of processing operations, although the normal consumer may consider it in this way, at first sight. It should be noted that each processing step, from the initial extraction to the packaging of the final food product, is the answer to peculiar problems concerning the physicochemical and biological features of different honeys.

In general, the following integrated steps are given below:

- Initial Extraction
- Dehumidification
- Liquefaction and mixture
- Heating
- Pasteurization
- Crystallization
- Final Packaging

Area: The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 2500 to 3000Sqft.

Power Requirement: The power consumption required to run all the machinery could be approximated as 40 Hp

Manpower Requirement: There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 10 including 1 Supervisor, 2 Plant Operator, 2 unskilled worker, 1 Helper and 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require.
- NOC from State Pollution Control Board

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	6.52	11.32	17.61	23.41
Add: Additions	4.67	-	-	-	-
Add: Net Profit	4.84	8.20	12.29	15.80	18.98
Less: Drawings	3.00	3.40	6.00	10.00	12.50
Closing Balance	6.52	11.32	17.61	23.41	29.90
CC Limit	10.00	10.00	10.00	10.00	10.00
Term Loan	28.50	21.37	14.25	7.12	- 0.00
Sundry Creditors	2.26	2.67	2.97	3.26	3.56
TOTAL :	**47.27**	**45.36**	**44.83**	**43.80**	**43.46**
APPLICATION OF FUND					
Fixed Assets (Gross)	35.62	35.62	35.62	35.62	35.62
Gross Dep.	5.27	9.75	13.57	16.82	19.60
Net Fixed Assets	30.35	25.87	22.05	18.80	16.02
Current Assets					
Sundry Debtors	4.48	5.44	6.12	6.82	7.53
Stock in Hand	9.25	10.79	12.08	13.39	14.73
Cash and Bank	3.19	3.27	4.58	4.79	5.18
TOTAL :	**47.27**	**45.36**	**44.83**	**43.80**	**43.46**

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	134.52	163.11	183.58	204.49	225.86
Total (A)	**134.52**	**163.11**	**183.58**	**204.49**	**225.86**
B) COST OF SALES					
Raw Material Consumed	96.90	114.46	127.18	139.90	152.62
Elecricity Expenses	2.36	2.66	2.95	3.25	3.55
Repair & Maintenance	4.71	4.89	5.51	6.13	6.78
Labour & Wages	11.09	11.64	12.81	14.73	16.94
Depreciation	5.27	4.49	3.82	3.25	2.77
Cost of Production	120.33	138.14	152.27	167.26	182.65
Add: Opening Stock /WIP	-	6.02	6.97	7.84	8.73
Less: Closing Stock /WIP	6.02	6.97	7.84	8.73	9.64
Cost of Sales (B)	114.31	137.19	151.40	166.38	181.74
C) GROSS PROFIT (A-B)	20.21	25.92	32.18	38.12	44.12
	15.02%	**15.89%**	**17.53%**	**18.64%**	**19.53%**
D) Bank Interest (Term Loan)	3.48	2.84	2.06	1.27	0.49
ii) Interest On Working Capital	1.10	1.10	1.10	1.10	1.10
E) Salary to Staff	7.56	9.07	10.89	13.06	15.68
F) Selling & Adm Expenses Exp.	2.69	3.26	3.67	4.09	4.52
TOTAL (D+E)	**14.83**	**16.28**	**17.72**	**19.53**	**21.78**
H) NET PROFIT	5.38	9.65	14.46	18.59	22.33
I) Taxation	0.54	1.45	2.17	2.79	3.35
J) PROFIT (After Tax)	4.84	8.20	12.29	15.80	18.98

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	**I**	**II**	**III**	**IV**	**V**
SOURCES OF FUND					
Own Contribution	4.67	-			
Reserve & Surplus	5.38	9.65	14.46	18.59	22.33
Depriciation & Exp. W/off	5.27	4.49	3.82	3.25	2.77
Increase In Cash Credit	10.00				
Increase In Term Loan	32.06	-	-	-	-
Increase in Creditors	2.26	0.41	0.30	0.30	0.30
TOTAL :	**59.64**	**14.54**	**18.58**	**22.14**	**25.40**
APPLICATION OF FUND					
Increase in Fixed Assets	35.62	-	-	-	-
Increase in Stock	9.25	1.54	1.29	1.31	1.33
Increase in Debtors	4.48	0.95	0.68	0.70	0.71
Repayment of Term Loan	3.56	7.12	7.12	7.12	7.12
Taxation	0.54	1.45	2.17	2.79	3.35
Drawings	3.00	3.40	6.00	10.00	12.50
TOTAL :	**56.45**	**14.46**	**17.27**	**21.92**	**25.02**
Opening Cash & Bank Balance	-	3.19	3.27	4.58	4.79
Add : Surplus	3.19	0.08	1.31	0.22	0.38
Closing Cash & Bank Balance	**3.19**	**3.27**	**4.58**	**4.79**	**5.18**

COMPUTATION OF MAKING OF HONEY			
Item to be Manufactured Honey			
Manufacturing Capacity per day		500	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		1,50,000	Kg
Total Production per Annum		1,50,000	Kg
Year		Capacity	HONEY
		Utilisation	
I		40%	60,000.00
II		45%	67,500.00
III		50%	75,000.00
IV		55%	82,500.00
V		60%	90,000.00

COMPUTATION OF RAW MATERIAL					
Item Name		Quantity of Raw Material	Unit	Unit Rate Per Kg	Total CostPer Annum (100%)
Raw Honey		1,57,500.00	Kg	150.00	2,36,25,000.00
Chemicals & Consumables		Lumsum			1,00,000.00
Packing material		Lumsum			5,00,000.00
Total					**2,42,25,000.00**
Total Raw material in Rs lacs					242.25

Raw Material Consumed	Capacity		Amount (Rs.)		
	Utilisation				
I	40%		96.90		
II	45%		114.46	5% Increase in Cost	
III	50%		127.18	5% Increase in Cost	
IV	55%		139.90	5% Increase in Cost	
V	60%		152.62	5% Increase in Cost	

COMPUTATION OF SALE					
Particulars	**I**	**II**	**III**	**IV**	**V**
Op Stock	-	3,000.00	3,375.00	3,750.00	4,125.00
Production	60,000.00	67,500.00	75,000.00	82,500.00	90,000.00
	60,000.00	70,500.00	78,375.00	86,250.00	94,125.00
Less : Closing Stock(15 Days)	3,000.00	3,375.00	3,750.00	4,125.00	4,500.00
Net Sale	57,000.00	67,125.00	74,625.00	82,125.00	89,625.00
Sale Price per Kg	236.00	243.00	246.00	249.00	252.00
Sale (in Lacs)	**134.52**	**163.11**	**183.58**	**204.49**	**225.86**

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	6.02	6.97	7.84	8.73	9.64
Raw Material					
(10 Days requirement)	3.23	3.82	4.24	4.66	5.09
Closing Stock	**9.25**	**10.79**	**12.08**	**13.39**	**14.73**

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	**Amount**	**Margin(10%)**	**Net Amount**
Stock in Hand	9.25		
Less:			
Sundry Creditors	2.26		
Paid Stock	**6.99**	**0.70**	**6.29**
Sundry Debtors	4.48	0.45	4.04
Working Capital Requirement			**10.32**
Margin			1.15
MPBF			**10.32**
Working Capital Demand			**10.00**

BREAK UP OF LABOUR				
Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Supervisor		20,000.00	1	20,000.00
Plant Operator		15,000.00	2	30,000.00
Unskilled Worker		12,000.00	2	24,000.00
Helper		8,000.00	1	8,000.00
Security Guard		6,000.00	1	6,000.00
				88,000.00
Add: 5% Fringe Benefit				4,400.00
Total Labour Cost Per Month				92,400.00
Total Labour Cost for the year (In Rs. Lakhs)			7	11.09

BREAK UP OF SALARY				
Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		24,000.00	1	24,000.00
Accountant cum store keeper		20,000.00	1	20,000.00
Sales		16,000.00	1	16,000.00
Total Salary Per Month				60,000.00
Add: 5% Fringe Benefit				3,000.00
Total Salary for the month				63,000.00
Total Salary for the year (In Rs. Lakhs)			3	7.56

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	**TOTAL**
Rate of Depreciation		**15.00%**	**10.00%**	
Opening Balance	Leased	-	-	-
Addition	-	34.12	1.50	35.62
	-	34.12	1.50	35.62
		-	-	
TOTAL		34.12	1.50	35.62
Less : Depreciation	-	5.12	0.15	5.27
WDV at end of Ist year	-	29.00	1.35	30.35
Additions During The Year	-	-	-	-
	-	29.00	1.35	30.35
Less : Depreciation	-	4.35	0.14	4.49
WDV at end of IInd Year	-	24.65	1.22	25.87
Additions During The Year	-	-	-	-
	-	24.65	1.22	25.87
Less : Depreciation	-	3.70	0.12	3.82
WDV at end of IIIrd year	-	20.95	1.09	22.05
Additions During The Year	-	-	-	-
	-	20.95	1.09	22.05
Less : Depreciation	-	3.14	0.11	3.25
WDV at end of IV year	-	17.81	0.98	18.80
Additions During The Year	-	-	-	-
	-	17.81	0.98	18.80
Less : Depreciation	-	2.67	0.10	2.77
WDV at end of Vth year	-	15.14	0.89	16.02

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	**Particulars**	**Amount**	**Addition**	**Total**	**Interest**	**Repayment**	**Cl Balance**
I	Opening Balance						
	Ist Quarter	-	32.06	32.06	0.88	-	32.06
	Iind Quarter	32.06	-	32.06	0.88	-	32.06
	IIIrd Quarter	32.06	-	32.06	0.88	1.78	30.28
	Ivth Quarter	30.28	-	30.28	0.83	1.78	28.50
					3.48	3.56	
II	Opening Balance						
	Ist Quarter	28.50	-	28.50	0.78	1.78	26.72
	Iind Quarter	26.72	-	26.72	0.73	1.78	24.94
	IIIrd Quarter	24.94	-	24.94	0.69	1.78	23.15
	Ivth Quarter	23.15		23.15	0.64	1.78	21.37
					2.84	7.12	
III	Opening Balance						
	Ist Quarter	21.37	-	21.37	0.59	1.78	19.59
	Iind Quarter	19.59	-	19.59	0.54	1.78	17.81
	IIIrd Quarter	17.81	-	17.81	0.49	1.78	16.03
	Ivth Quarter	16.03		16.03	0.44	1.78	14.25
					2.06	7.12	
IV	Opening Balance						
	Ist Quarter	14.25	-	14.25	0.39	1.78	12.47
	Iind Quarter	12.47	-	12.47	0.34	1.78	10.69
	IIIrd Quarter	10.69	-	10.69	0.29	1.78	8.91
	Ivth Quarter	8.91		8.91	0.24	1.78	7.12
					1.27	7.12	
V	Opening Balance						
	Ist Quarter	7.12	-	7.12	0.20	1.78	5.34
	Iind Quarter	5.34	-	5.34	0.15	1.78	3.56
	IIIrd Quarter	3.56	-	3.56	0.10	1.78	1.78
	Ivth Quarter	1.78		1.78	0.05	1.78	- 0.00
					0.49	7.12	

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	10.11	12.69	16.11	19.05	21.75
Interest on Term Loan	3.48	2.84	2.06	1.27	0.49
Total	13.59	15.53	18.17	20.33	22.24
REPAYMENT					
Repayment of Term Loan	3.56	7.12	7.12	7.12	7.12
Interest on Term Loan	3.48	2.84	2.06	1.27	0.49
Total	7.04	9.97	9.18	8.40	7.61
DEBT SERVICE COVERAGE RATIO	**1.93**	**1.56**	**1.98**	**2.42**	**2.92**
AVERAGE D.S.C.R.			**2.13**		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	40	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				5,37,120.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			**0.54**	
Total cost of Power & Fuel at 100%				5.91
Year		**Capacity**		**Amount**
				(in Lacs)
I		40%		2.36
II		45%		2.66
III		50%		2.95
IV		55%		3.25
V		60%		3.55

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