

PROJECT REPORT

Of

CANNED MUSSELS UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Canned Mussels 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 : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **CANNED MUSSELS**
- 6 Name of the project / business activity proposed : **MUSSELS UNIT**
- 7 Cost of Project : Rs.15.78 Lakhs
- 8 Means of Finance
- Term Loan Rs.10.4 Lakhs
- Own Capital Rs.1.58 Lakhs
- Working Capital Rs.3.81 Lakhs
- 9 Debt Service Coverage Ratio : 2.99
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 27%
- 13 Employment : 10 Persons
- 14 Power Requirement : 20.00 KW
- 15 Major Raw materials : Fresh Mussels, Salt, Citric Acid
- 16 Estimated Annual Sales Turnover (Max Capacity) : 97.15 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	10.35
Furniture & Fixtures	1.20
Working Capital	4.23
Total	15.78

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.58
Working Capital(Finance)	3.81
Term Loan	10.40
Total	15.78

CANNED MUSSELS UNIT

Introduction:

Mollusks are the invertebrate with soft bodies, divided into foot and visceral section. They are subdivided into bivalve, cephalopods and gastropods. The commercially important bivalve are mussels, oysters, clams and scallops. *Mytilus edulis*, *Mytilus trossulus* and *Mytilus galloprovincialis* are the species that dominates global production. Mussels are ideally suited to aquaculture because they show wide tolerance of environmental conditions, are low in the food chain exploiting natural primary production, show high fecundity and productivity, grow naturally at high densities, and are tasty and nutritious and popular with consumers.

The demand for protein rich food is increasing, especially in developing countries, stimulating the exploration of unexploited or non-traditional resources. Marine molluscs are. Mussels are sustainable source of producing dietary protein, omega 3 fatty acid, essential amino acids. The protein content in mussels varies from 12.6-24 g/ 100g depending on the variety. Mussels contain little saturated fatty acid and significant amount of vitamin C. mussels contains approximately 20 – 28% calories from fat. For these reasons' mussels can be considered low fat and high protein food. it is also a good source of calcium, phosphorus, zinc, iron and copper.



Uses & Market Potential:

Canned mussels is used in preparation of soups, broths, noodles and rice. It can be used for preparation of ready to eat and ready to cook foods. Mussels are used in preparation of pickles, flavouring and sauces. Shellfish is major component of global aquatic food supply. There are two groups of shellfish consumed. First group includes crustaceans such as shrimp, crab and lobster whereas second group includes mollusks such as clams, mussels, oysters, scallops and octopus. With rapid urbanization, hectic work schedules, nuclear families and increased number of working member of families, there is rise in demand of ready to cook and ready to eat sea mussels. Rising health concern is also one factor boosting the growth of mussels' industry. Sea food have always been an important source of protein and other nutrients such as omega 3 fatty acid, free amino acids and vitamin B12. Non vegetarian consumers are slowly changing their lifestyle significantly following pescatarians. Pescatarians refers to vegetarian food along with sea food but does not include any meat such as beef, pork, poultry and others

Product:

CANNED MUSSELS UNIT

Raw Material:

1. Fresh Mussels
2. Salt
3. Citric Acid.

Manufacturing Process:

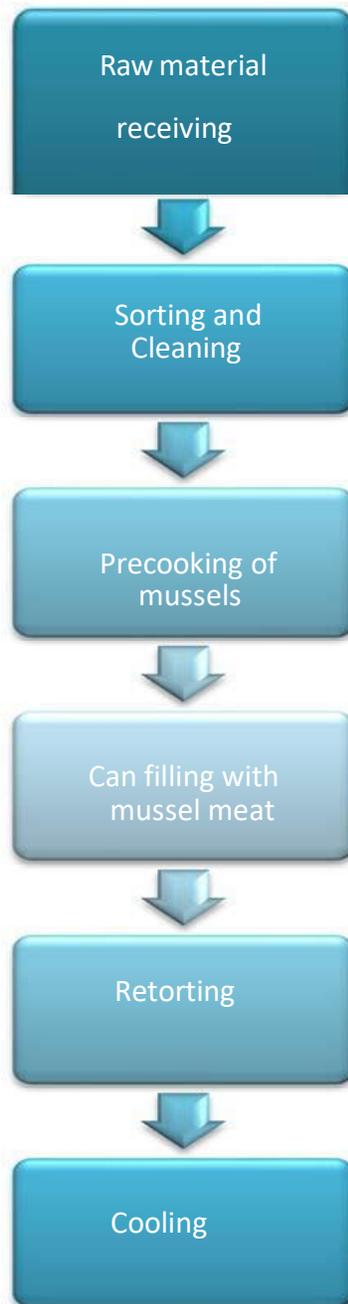


Fig. 1 – Process Flowchart

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area. 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 small scale factory setup is 2500-3000 Sq. ft. approximate.

Cost of Machines:

S No.	Machine	Unit	Price (INR)
1.	Mussels cleaning machine	1	2,25,000/-
2.	Mussels cooking machine	1	1,00,000/-
3	Can filling and sealing machine	1	1,65,000/-
4.	Can sterilization machine	1	4,95,000/-
5.	Material handling and other Equipment's		50,000/-
	Total		10,35,000/-

Power Requirement- - The estimated Power requirement is taken at 20 KWH

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-6
- Helpers-2
- Skilled worker including Sales Personal and Accountant- 2

FINANCIALS

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	50.11	62.07	73.13	84.74	97.15
Total (A)	50.11	62.07	73.13	84.74	97.15
<u>B) COST OF SALES</u>					
Raw Material Consumed	23.40	27.93	32.64	37.53	42.60
Electricity Expenses	1.34	1.57	1.79	2.01	2.24
Repair & Maintenance	1.75	2.17	2.56	2.97	3.40
Labour & Wages	11.72	14.06	16.87	19.57	22.51
Depreciation	1.67	1.43	1.22	1.04	0.89
Cost of Production	39.89	47.16	55.08	63.12	71.64
Add: Opening Stock /WIP	-	1.73	2.08	2.45	2.84
Less: Closing Stock /WIP	1.73	2.08	2.45	2.84	3.25
Cost of Sales (B)	38.16	46.81	54.71	62.74	71.22
C) GROSS PROFIT (A-B)	11.95	15.27	18.42	22.00	25.92
	23.85%	24.59%	25.19%	25.96%	26.68%
D) Bank Interest i) (Term Loan)	1.13	0.92	0.67	0.41	0.16
ii) Interest On Working Capital	0.42	0.42	0.42	0.42	0.42
E) Salary to Staff	4.79	5.99	7.18	8.47	10.17
F) Selling & Adm Expenses Exp.	2.76	3.41	3.66	4.24	4.86
TOTAL (D+E+F)	9.09	10.74	11.92	13.54	15.60
H) NET PROFIT	2.86	4.53	6.50	8.45	10.32
	5.7%	7.3%	8.9%	10.0%	10.6%
I) Taxation	-	-	-	-	1.24
J) PROFIT (After Tax)	2.86	4.53	6.50	8.45	9.08

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.58	-			
Reserve & Surplus	2.86	4.53	6.50	8.45	10.32
Depreciation & Exp. W/off	1.67	1.43	1.22	1.04	0.89
Increase In Cash Credit	3.81				
Increase In Term Loan	10.40	-	-	-	-
Increase in Creditors	1.17	0.23	0.24	0.24	0.25
TOTAL :	21.49	6.18	7.95	9.74	11.46
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	11.55	-	-	-	-
Increase in Stock	2.90	0.58	0.60	0.63	0.67
Increase in Debtors	2.51	0.60	0.55	0.58	0.62
Repayment of Term Loan	1.16	2.31	2.31	2.31	2.31
Taxation	-	-	-	-	1.24
Drawings	2.50	3.00	4.50	6.50	6.80
TOTAL :	20.61	6.49	7.97	10.02	11.63
Opening Cash & Bank Balance	-	0.88	0.57	0.56	0.27
Add : Surplus	0.88	- 0.31	- 0.02	- 0.28	- 0.17
Closing Cash & Bank Balance	0.88	0.57	0.56	0.27	0.10

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.73	2.08	2.45	2.84	3.25
<u>Raw Material</u>					
(15 Days requirement)	1.17	1.40	1.63	1.88	2.13
Closing Stock	2.90	3.48	4.08	4.71	5.38

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.90		
Less:			
Sundry Creditors	1.17		
Paid Stock	1.73	0.17	1.56
Sundry Debtors	2.51	0.25	2.26
Working Capital Requirement			3.81
Margin			0.42
MPBF			3.81
Working Capital Demand			3.81

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	10.40	10.40	0.29	-	10.40
	Iind Quarter	10.40	-	10.40	0.29	-	10.40
	IIIrd Quarter	10.40	-	10.40	0.29	0.58	9.82
	Ivth Quarter	9.82	-	9.82	0.27	0.58	9.24
					1.13	1.16	
II	Opening Balance						
	Ist Quarter	9.24	-	9.24	0.25	0.58	8.66
	Iind Quarter	8.66	-	8.66	0.24	0.58	8.09
	IIIrd Quarter	8.09	-	8.09	0.22	0.58	7.51
	Ivth Quarter	7.51		7.51	0.21	0.58	6.93
					0.92	2.31	
III	Opening Balance						
	Ist Quarter	6.93	-	6.93	0.19	0.58	6.35
	Iind Quarter	6.35	-	6.35	0.17	0.58	5.78
	IIIrd Quarter	5.78	-	5.78	0.16	0.58	5.20
	Ivth Quarter	5.20		5.20	0.14	0.58	4.62
					0.67	2.31	
IV	Opening Balance						
	Ist Quarter	4.62	-	4.62	0.13	0.58	4.04
	Iind Quarter	4.04	-	4.04	0.11	0.58	3.47
	IIIrd Quarter	3.47	-	3.47	0.10	0.58	2.89
	Ivth Quarter	2.89		2.89	0.08	0.58	2.31
					0.41	2.31	
V	Opening Balance						
	Ist Quarter	2.31	-	2.31	0.06	0.58	1.73
	Iind Quarter	1.73	-	1.73	0.05	0.58	1.16
	IIIrd Quarter	1.16	-	1.16	0.03	0.58	0.58
	Ivth Quarter	0.58		0.58	0.02	0.58	0.00
					0.16	2.31	

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>	4.53	5.95	7.71	9.49	9.97
Interest on Term Loan	1.13	0.92	0.67	0.41	0.16
Total	5.66	6.88	8.38	9.91	10.13
<u>REPAYMENT</u>					
Repayment of Term Loan	1.16	2.31	2.31	2.31	2.31
Interest on Term Loan	1.13	0.92	0.67	0.41	0.16
Total	2.28	3.23	2.98	2.72	2.47
DEBT SERVICE COVERAGE R	2.48	2.13	2.82	3.64	4.10
AVERAGE D.S.C.R.			2.99		

Assumptions:

- 1.** Production Capacity of Canned Mussels is 200 Kg per day. First year, Capacity has been taken @ 30%.
- 2.** Working shift of 10 hours per day has been considered.
- 3.** Raw Material stock has been taken for 15 days and Finished goods closing stock has been taken for 10 days.
- 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 20 KW.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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