

# PROJECT REPORT

Of

## SHATAWARI PROCESSING UNIT

### PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Shatawari Processing 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 : **PROCESSED SHATAWARI**
- 6 Name of the project / business activity proposed : **SHATAWARI PROCESSING UNIT**
- 7 Cost of Project : Rs.17.4 Lakhs
- 8 Means of Finance
- Term Loan Rs.8.46 Lakhs
- Own Capital Rs.1.74 Lakhs
- Working Capital Rs.7.2 Lakhs
- 9 Debt Service Coverage Ratio : 3.59
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 26%
- 13 Employment : 12 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Harvested Shatawari Roots and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 167.91 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	8.60
Furniture & Fixtures	0.80
Working Capital	8.00
<b>Total</b>	<b>17.40</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.74
Working Capital(Finance)	7.20
Term Loan	8.46
<b>Total</b>	<b>17.40</b>

# SHATAVARI PROCESSING UNIT

## Introduction:

Shatavari is a plant native to India that is utilized in Siddha and homeopathic therapy. More than 500 tonnes of Shatavari roots are needed in India every year for various medical formulations, according to estimates. There were over 300 species of Asparagus in the world, with 22 species reported in India. Racemosus is found all over the world, including populations in tropical Africa, Java, Australia, Sri Lanka, southern China, and India, however, it is primarily grown in India. The plant is a perennial in nature, prickly climber with an overly branched prickly undershrub that grows up to 1200 meters in the tropical and subtropical portions of India. Tuberous roots, 15-40 cm long and greyish in color. Shatavari, often known as the "Queen of Herbs," has long been revered in the Hindu religion for its unique ability to promote love and devotion. The Rig Veda and Atharva Veda were the first to mention this potent herb. Shatavari plant has been utilized in India for thousands of years as a powerful aphrodisiac (Vaajikarana) and tonic (Rasayana).



## **Uses & Market Potential:**

Shatavari is a key ingredient in Ayurvedic medicine. Dried root are used to treat a variety of reproductive and hormonal disorders in women. It's also used to treat indigestion and stomach ulcers. Despite its lengthy history of use in Ayurveda, there is few researches that back up Shatavari health benefits. For farmers in India, commercial cultivation of medicinal plants is one of the most profitable agribusinesses. The cultivation of medicinal herbs such as shankhapushpi, atis, kuth, kutki, kapikachhu, and karanja is transforming the Indian agricultural ayurveda landscape and offering farmers with unprecedented potential to raise their revenues. There are 25 significant medicinal herbs that are always in high demand, according to the traditional treatment health facility. Satavari, Indian Barberry, Liquorice, Bael, Isabgol, Atis, Guggal, Kerth, Aonla, Chandan, Senna, Baiberang, Long Pepper, Brahmi, Jatamansi, Kalmegh, Ashwagandha, Chirata, Katki, Shankpushpi, Ashoka, Giloe, Kokum, and Safed Musli are among these plants. The market for medical plants in India stood at Rs. 4.2 billion (US\$ 56.6 million) in 2019 and is expected to increase at a CAGR 38.5% to Rs. 14 billion (US\$ 188.6 million) by 2026. The total world herbal trade is currently assessed at US\$ 120 billion. India's share in the global export of herbs and herbal products is low due to unsophisticated agricultural and quality control procedures, lack of processing, research & development, standardisation in products and regulatory framework in trade of medicinal plants. The export of herbs and value-added extracts of medicinal herbs has been gradually increasing over years. In 2017-2018, India exported US\$ 330.18 million worth of herbs at a growth rate of 14.22% over the previous year. Also, exports of value-added extracts of medicinal herbs and herbal products in 2017-2018 stood at US\$ 456.12 million, recording a growth rate of 12.23% over the previous year.

## **Product:**

Processed Shatawari

## **Raw Material:**

1. Harvested root of Shatawari
2. Packing Material

## **Manufacturing Process:**

- Procurement of raw material
- Washing the root
- Boiling of the root
- Drying
- Packaging & Storage

## **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 1200-1800Sqft.

## **Cost of Machines:**

<b>S No.</b>	<b>Machine</b>	<b>Unit</b>	<b>Price (INR)</b>
1.	Rotary vegetable washer	1	260000
2.	Electric Heating Jacketed Kettle	1	160000
3.	Shatawari Peeling Machine	1	100000

4.	Tray Dryer	1	240000
5.	Material Handling & other equipment's	Ls	100000
	<b>Total Amount</b>		<b>860000</b>

**Power Requirement-** The estimated Power requirement is taken at 20 HP

**Manpower Requirement-** Following manpower is required:

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

# FINANCIALS

**PROJECTED BALANCE SHEET**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
<b><u>Capital Account</u></b>					
Opening Balance	-	2.40	3.98	6.47	9.61
Add: Additions	1.74	-	-	-	-
Add: Net Profit	4.06	5.18	6.29	7.64	9.03
Less: Drawings	3.40	3.60	3.80	4.50	5.50
<b>Closing Balance</b>	<b>2.40</b>	<b>3.98</b>	<b>6.47</b>	<b>9.61</b>	<b>13.14</b>
CC Limit	7.20	7.20	7.20	7.20	7.20
Term Loan	7.52	5.64	3.76	1.88	-
Sundry Creditors	2.93	3.49	4.08	4.69	5.33
<b>TOTAL :</b>	<b>20.04</b>	<b>20.31</b>	<b>21.50</b>	<b>23.38</b>	<b>25.66</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>
Gross Dep.	1.37	2.54	3.54	4.39	5.11
Net Fixed Assets	8.03	6.86	5.86	5.01	4.29
<b>Current Assets</b>					
Sundry Debtors	4.28	5.37	6.32	7.32	8.40
Stock in Hand	6.65	7.94	9.28	10.67	12.13
Cash and Bank	1.09	0.14	0.04	0.37	0.85
<b>TOTAL :</b>	<b>20.04</b>	<b>20.31</b>	<b>21.50</b>	<b>23.38</b>	<b>25.66</b>

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**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	85.50	107.38	126.41	146.33	167.91
<b>Total (A)</b>	<b>85.50</b>	<b>107.38</b>	<b>126.41</b>	<b>146.33</b>	<b>167.91</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	58.50	69.83	81.60	93.83	106.50
Electricity Expenses	1.34	1.57	1.79	2.01	2.24
Repair & Maintenance	2.14	2.68	3.16	3.66	4.20
Labour & Wages	11.09	13.64	16.37	19.31	22.40
Depreciation	1.37	1.17	1.00	0.85	0.73
<b>Cost of Production</b>	<b>74.44</b>	<b>88.88</b>	<b>103.91</b>	<b>119.66</b>	<b>136.06</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>3.72</b>	<b>4.44</b>	<b>5.20</b>	<b>5.98</b>
<b>Less: Closing Stock /WIP</b>	<b>3.72</b>	<b>4.44</b>	<b>5.20</b>	<b>5.98</b>	<b>6.80</b>
Cost of Sales (B)	70.72	88.16	103.16	118.87	135.24
<b>C) GROSS PROFIT (A-B)</b>	<b>14.78</b>	<b>19.22</b>	<b>23.24</b>	<b>27.46</b>	<b>32.66</b>
	<b>17.29%</b>	<b>17.90%</b>	<b>18.39%</b>	<b>18.77%</b>	<b>19.45%</b>
D) Bank Interest i) (Term Loan )	0.92	0.75	0.54	0.34	0.13
ii) Interest On Working Capital	0.79	0.79	0.79	0.79	0.79
E) Salary to Staff	7.31	9.06	10.69	11.98	13.89
F) Selling & Adm Expenses Exp.	1.71	3.22	4.42	5.85	7.56
<b>G) TOTAL (D+E+F)</b>	<b>10.73</b>	<b>13.82</b>	<b>16.45</b>	<b>18.96</b>	<b>22.37</b>
<b>H) NET PROFIT</b>	<b>4.06</b>	<b>5.39</b>	<b>6.79</b>	<b>8.50</b>	<b>10.29</b>
	<b>4.7%</b>	<b>5.0%</b>	<b>5.4%</b>	<b>5.8%</b>	<b>6.1%</b>
I) Taxation	-	0.21	0.50	0.86	1.26
<b>J) PROFIT (After Tax)</b>	<b>4.06</b>	<b>5.18</b>	<b>6.29</b>	<b>7.64</b>	<b>9.03</b>

**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	1.74	-	-	-	-
Reserve & Surplus	4.06	5.39	6.79	8.50	10.29
Depreciation & Exp. W/off	1.37	1.17	1.00	0.85	0.73
Increase In Cash Credit	7.20	-	-	-	-
Increase In Term Loan	8.46	-	-	-	-
Increase in Creditors	2.93	0.57	0.59	0.61	0.63
<b>TOTAL :</b>	<b>25.75</b>	<b>7.13</b>	<b>8.38</b>	<b>9.96</b>	<b>11.65</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	9.40	-	-	-	-
Increase in Stock	6.65	1.29	1.34	1.40	1.45
Increase in Debtors	4.28	1.09	0.95	1.00	1.08
Repayment of Term Loan	0.94	1.88	1.88	1.88	1.88
Taxation	-	0.21	0.50	0.86	1.26
Drawings	3.40	3.60	3.80	4.50	5.50
<b>TOTAL :</b>	<b>24.66</b>	<b>8.07</b>	<b>8.47</b>	<b>9.63</b>	<b>11.17</b>
Opening Cash & Bank Balance	-	1.09	0.14	0.04	0.37
Add : Surplus	1.09	- 0.95	- 0.10	0.33	0.48
Closing Cash & Bank Balance	<b>1.09</b>	<b>0.14</b>	<b>0.04</b>	<b>0.37</b>	<b>0.85</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(15 Days requirement)	3.72	4.44	5.20	5.98	6.80
<b><u>Raw Material</u></b>					
(15 Days requirement)	2.93	3.49	4.08	4.69	5.33
<b>Closing Stock</b>	<b>6.65</b>	<b>7.94</b>	<b>9.28</b>	<b>10.67</b>	<b>12.13</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	6.65		
Less:			
Sundry Creditors	2.93		
<b>Paid Stock</b>	<b>3.72</b>	<b>0.37</b>	<b>3.35</b>
Sundry Debtors	4.28	0.43	3.85
<b>Working Capital Requirement</b>			<b>7.20</b>
<b>Margin</b>			0.80
<b>MPBF</b>			<b>7.20</b>
<b>Working Capital Demand</b>			<b>7.20</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	8.46	8.46	0.23	-	8.46
	Iind Quarter	8.46	-	8.46	0.23	-	8.46
	IIIrd Quarter	8.46	-	8.46	0.23	0.47	7.99
	Ivth Quarter	7.99	-	7.99	0.22	0.47	7.52
					0.92	0.94	
<b>II</b>	Opening Balance						
	Ist Quarter	7.52	-	7.52	0.21	0.47	7.05
	Iind Quarter	7.05	-	7.05	0.19	0.47	6.58
	IIIrd Quarter	6.58	-	6.58	0.18	0.47	6.11
	Ivth Quarter	6.11		6.11	0.17	0.47	5.64
					0.75	1.88	
<b>III</b>	Opening Balance						
	Ist Quarter	5.64	-	5.64	0.16	0.47	5.17
	Iind Quarter	5.17	-	5.17	0.14	0.47	4.70
	IIIrd Quarter	4.70	-	4.70	0.13	0.47	4.23
	Ivth Quarter	4.23		4.23	0.12	0.47	3.76
					0.54	1.88	
<b>IV</b>	Opening Balance						
	Ist Quarter	3.76	-	3.76	0.10	0.47	3.29
	Iind Quarter	3.29	-	3.29	0.09	0.47	2.82
	IIIrd Quarter	2.82	-	2.82	0.08	0.47	2.35
	Ivth Quarter	2.35		2.35	0.06	0.47	1.88
					0.34	1.88	
<b>V</b>	Opening Balance						
	Ist Quarter	1.88	-	1.88	0.05	0.47	1.41
	Iind Quarter	1.41	-	1.41	0.04	0.47	0.94
	IIIrd Quarter	0.94	-	0.94	0.03	0.47	0.47
	Ivth Quarter	0.47		0.47	0.01	0.47	0.00
					0.13	1.88	

Door to Door Period      60 Months  
Moratorium Period        6 Months  
Repayment Period         54 Months

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	5.43	6.35	7.29	8.49	9.76
Interest on Term Loan	0.92	0.75	0.54	0.34	0.13
Total	6.34	7.10	7.83	8.83	9.89
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	0.94	1.88	1.88	1.88	1.88
Interest on Term Loan	0.92	0.75	0.54	0.34	0.13
Total	1.86	2.63	2.42	2.22	2.01
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.41</b>	<b>2.70</b>	<b>3.23</b>	<b>3.98</b>	<b>4.92</b>
<b>AVERAGE D.S.C.R.</b>			<b>3.59</b>		

### **Assumptions:**

1. Production Capacity of Shatawari Processing unit is taken at 500 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 and Finished goods closing stock has been taken for 15 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 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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