

# **PROJECT PROFILE**

ON

SHG - OTHER INDUSTRIES

AMLA PROCESSING –AMLA MURABBA

Month & Year  
December 2008

**PREPARED BY  
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## **AMLA PROCESSING –AMLA MURABBA**

### **INTRODUCTION**

The Amlaki plant, as it is called in Sanskrit, is called Indian Gooseberry in English, Amla in Hindi and Emblica Officinalis Gaertn, Phyllanthus Emblica or Terminalia Emblica in Latin. There are many benefits mentioned in ayurvedic texts and experienced by people in India for thousands of years and now by people in the West as well. Some of the benefits attributed to Amla are the following:-

1. Excellent source of Vitamin C
2. Enhances food absorption.
3. Balances stomach acids.
4. Fortifies the liver.
5. Research shows that it helps lower cholesterol.
6. Nourishes the brain and mental functioning.
7. Supports the heart.
8. Strengthens the lungs
9. Regulates elimination.
10. Enhances fertility..
11. Helps the urinary system.
12. Good for the skin.
13. Promotes healthier hair.
14. Acts as a body coolant.
15. Flushes out toxins.
16. Increases vitality.
17. Strengthens the eyes.
18. Improves muscle tone.
19. Acts as an antioxidant.
20. Enhances immunity.

## MARKET

The nutraceuticals market seems to be finally evolving in India. Consumers are increasingly becoming health-conscious and are realising the need for dietary supplements to help them cope with the fast-changing pace of life, which has put them at the risk of diabetes, cholesterol, heart ailments, arthritis and so on.

Walk into any lifestyle store today, you will definitely find an entire shelf dedicated to health supplements, anti-oxidants, anti-stress capsules and such. These come under the over-the-counter (OTC) segment, and don't require a doctor's prescription.

The quality of life in terms of income, spending and lifestyle has improved with economic development. However, it has also thrown up a major challenge in the form of 'lifestyle diseases'. The first victim of this lifestyle change has been food habits. Consumption of junk food has increased manifold, which has led to a number of diseases related to nutritional deficiencies. Nutraceuticals can play an important role in controlling them. No wonder more and more people are turning to nutraceuticals.

## INSTALLED CAPACITY

The installed capacity of the unit proposed is 10 Kgs of Amla Murabba per day on single shift basis. On this basis, the annual capacity is 30000 Kgs of Amla Murabba

## PLANT AND MACHINERY

The following items of plant and machinery are required for the project.

Items	Quantity	Value Rs
LPG Gas stove	1	5000
Sizing machine	1	20000

Pedal press	1	30000
Roller frame machine rollers	1	20000
Cutters	10	2000
Toffee sizing machine	1	30000
Hand operated brass mould	1	8000
Large size pan of iron sheet	1	2000
Working tables	1	3000
Drying trays	1	18000
Polyethylene bag sealing machine	1	2000
		150000

## MANUFACTURING PROCESS

Wash and prick amlas all over with a fork-Dissolve alum in 2 litres of water for every 1 kg of amla-Soak amlas in this water for 4 hours-Wash again with alum water-Put amlas in boiling water and boil for 2 minutes-Remove keep aside-Prepare syrup with  $\frac{3}{4}$  litres of water for 1 kg of amla-Syrup should be just stick enough when touch between finger and thumb-Put amlas from syrup-Boil the syrup to original consistency-add citric acid and strain-Put amlas back in syrup-Keep aside for 24 hours-repeat process : Remove amla , boil syrup add amla for 4 days-By now amla will stop oozing water, and making liquid thinner-Preserve cooled murabba in clean tight jar

The process take a little time about 5 days. For every one kg it makes about 2 kg amla with syrup. The shelf life is about 3 months.

## RAW MATERIALS

The raw material required for the production at full capacity is given below

For Quantity KGs            30000

Qty	Rate	Value
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Amla	30000	16.00	480000
Sugar	30000	17.00	510000
Alum,Citric acid,salt & flavour			12000
Total			1002000
TOTAL for 30000 Rs. lakhs			10.02
Raw material cost per-Kg			33.40
Packing charges 30000	2.25		0.68

### LOCATION LAND AND BUILDING

The infrastructural facilities required for the project by way of land and building are the following.

Built up area-Sq.ft	600
Rent p.m.-Rs	1200
Advance-10 months.Rs	12000

### UTILITIES

The utilities required for the project are the following

Three phase	KW	3.00
Power charges Rs.lakhs p.a		0.34
Fuel		0.60
Power & fuel		0.94
Water- For process-Litres per day		4000
For human consumption		200

### MANPOWER

The manpower requirement for the project is given below

		Monthly wages	Total
Supervisor	1	3000	3000
Skilled	2	2000	4000
Helpers	1	1500	1500
sub total			8500

Add benefits	20%	1700
Total per month		10200
TOTAL PER ANNUM-Rs. lakhs		1.22

## **COST OF PROJECT AND MEANS OF FINANCE**

The cost of project and Means of Finance is estimated as given below

### **1. COST OF PROJECT**

	[Rs.lakhs]
Land & Building (Advance)	0.12
Plant & Machinery	1.50
Other Misc. assets	0.03
Pre-Operative expenses	0.05
Margin for WC	0.11
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	1.81
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### **2. MEANS OF FINANCE**

Capital	0.68
Term Loan	1.13
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	1.81
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-The term loan proposed is 75% of the Plant and machinery value.

- The promoters will bring in the required capital contribution to the project.

## **COST OF PRODUCTION AND PROFITABILITY**

A cost and profitability statement projected for the first 5 years of operations is given in Annexure. The profitability is based on the following assumptions.

### **Assumptions**

Installed capacity	30000 kgs of Amla Murabba per annum
Capacity utilisation	Year-1 -60%

	Year -2 -70% Year-3 onwards- 80%
Selling price	Rs.60.00 per kg
Raw materials	As per the details given above
Packing materials	As per details given above
Power	Rs.0.95 lakh per annum at 100%
Wages and salaries	Rs. 1.22 lakhs with increase 5% every year.
Repairs and Maintenance	Rs.0.12 lakh per annum
Depreciation	Written down value method -15 % on machinery
Selling general and administrative expenses	Rs.10000 per month
Interest on Term loan	10% per annum
Interest on working capital	10 % per annum
Income tax	33.66 % on profits

## ASSESSMENT OF WORKING CAPITAL

The following levels are projected for working capital

	Months	Values	%	Margin	Bank
	Consumptions			Amount	Finance
Raw Materials	0.50	0.25	25%	0.06	0.19
Expenses	1.00	0.05	100%	0.05	0.00
		0.30		0.11	0.19

A bank finance of Rs 0.19 lakh is required by the unit for meeting the working capital.

## PROFITABILITY RATIOS

The project ensures good profits on investment and sales turnover.

## DEBT SERVICE COVERAGE RATIO

The debt service coverage ratio of this concern is very high as the Term loan component is too low and the returns are high in this project.

## BREAK EVEN LEVEL

The break even level of the unit is 47% of the installed capacity.

## LIST OF MACHINERY SUPPLIERS

1. Rite Equipments Pvt Ltd

B-3, GF Silver Park Apartments

24, Thanickachalam Road

T-Nagar

Chennai-600 017

Reliance Equipments

New-16 Pilliar Koil street

Chennai 600 083

## LIST OF RAW MATERIAL SUPPLIERS

Local dealers of Amla

## FINANCIAL ASPECTS

### 1. COST OF PROJECT

[Rs.lakhs]

Land & Building (Advance)	0.12
Plant & Machinery	1.50
Other Misc. assets	0.03
Pre-Operative expenses	0.05
Margin for WC	0.11
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	1.81
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### 2. MEANS OF FINANCE

Capital	0.68
Term Loan	1.13
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	1.81
	<hr/>



### 3. COST OF PRODUCTION & PROFITABILITY STATEMENT

	[Rs.lakhs]				
Years	1	2	3	4	5
Installed Capacity Kgs	30000	30000	30000	30000	30000
Utilisation	60%	70%	80%	80%	80%
Production/Sales Kgs	18000	21000	24000	24000	24000
Selling Price	<b>Rs.60</b> per Kg				
Sales Value (Rs.lakhs)	<b>10.80</b>	<b>12.60</b>	<b>14.40</b>	<b>14.40</b>	<b>14.40</b>
Raw Materials	6.01	7.01	8.02	8.02	8.02
Packing Materials	0.41	0.47	0.54	0.54	0.54
Power & fuel	0.57	0.66	0.75	0.75	0.75
Wages & Salaries	1.22	1.25	1.27	1.30	1.32
Repairs & Maintenance	0.12	0.13	0.14	0.15	0.17
Depreciation	0.23	0.19	0.16	0.14	0.12
Cost of Production	8.55	9.72	10.89	10.90	10.92
Selling, Admin, & General exp	1.20	1.26	1.32	1.39	1.46
Interest on Term Loan	0.11	0.10	0.07	0.07	0.07
Interest on Working Capital	0.02	0.02	0.02	0.02	0.02
Total	9.88	11.10	12.30	12.38	12.47
Profit Before Tax	0.92	1.50	2.10	2.02	1.93
Provision for tax	0.00	0.51	0.71	0.68	0.65
Profit After Tax	<b>0.92</b>	<b>0.99</b>	<b>1.39</b>	<b>1.34</b>	<b>1.28</b>
Add: Depreciation	0.23	0.19	0.16	0.14	0.12
Cash Accruals	1.14	1.19	1.56	1.48	1.40
Repayment of Term loan	0.00	0.28	0.28	0.28	0.29

### 4. WORKING CAPITAL:

Months	Values	%	Margin	Bank
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	Consumptions			Amount	Finance
Raw Materials	0.50	0.25	25%	0.06	0.19
Expenses	1.00	0.05	100%	0.05	0.00
		0.30		0.11	0.19

## 6. PROFITABILITY RATIOS BASED ON 80% UTILISATION

$$\frac{\text{Profit after Tax}}{\text{Sales}} = \frac{1.39}{14.40} \quad 10\%$$

$$\frac{\text{Profit before Interest and Tax}}{\text{Total Investment}} = \frac{2.19}{2.00} \quad 110\%$$

$$\frac{\text{Profit after Tax}}{\text{Promoters Capital}} = \frac{1.39}{0.68} \quad 205\%$$

## 7. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	1.27
Repairs & Maintenance	0.14
Depreciation	0.16
Admin. & General expenses	1.32
Interest on TL	0.07
	<u>2.97</u>

Profit Before Tax (P) 2.10

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{FC} + \text{P}} = \frac{2.97}{5.07} \times \frac{80}{100} \times 100$$

47% of installed capacity