

PROJECT PROFILE

ON

SHG - OTHER INDUSTRIES
CUT & PACKED VEGETABLES

Month & Year
December 2008

**PREPARED BY
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CUT & PACKED VEGETABLES

INTRODUCTION

The time one has to spent on buying vegetables, cut them properly before cooking and cleaning them can be saved if cut vegetables are available in packed form. Ready to cook vegetables conveniently cut and packed in plastic bags are now available in the market. All the popular vegetables are cut and packed in such bags. The working people who have lesser time for cooking find it most convenient if ready cut vegetables hygienically packed are available whenever they require. Even in homes people find them most convenient if the cut vegetables are available which save considerable time in cooking .There is growing demand for such vegetables.

MARKET

This simple technique involves cleaning, trimming, cutting of the fresh produce and packing the same in unit packages in polyethylene bags. Bean, carrot, brinjal, green chilli, root crops, leafy vegetables, and fruits like orange, lemon, banana, grape, and flowers can be prepackaged to obtain 1 to 2 times extension in shelf life in polyethylene bags under normal conditions without any refrigeration. The repacked produce presents better consumer appeal, longer shelf life and has considerable handling advantages in transport and marketing. The purchasing power of the India public has gone up and these products find good market in Cities and towns. There is a growing market and this can be tapped by providing good quality vegetables.

INSTALLED CAPACITY

The installed capacity of the unit proposed is 200 kgs of cut and packed vegetables per day. On this basis the annual capacity is assumed at 60000 kgs of vegetable per annum.

PLANT AND MACHINERY

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

Items	Qty	Value-Rs.
Cutters- Manual vegetable cutters	10	20000
Trays, basins etc		20000
Weighing balances		30000
		70000

MANUFACTURING PROCESS

The vegetables such as cabbage, beet root, Bindis, Beans, Potatos, carrots etc are cleaned in fresh water two or three times after removing the foreign matters and other impurities. The vegetables are then cut manually. After cutting they are again washed in clean water. Necessary manual operated cutting machine can be used. They are then weighed and packed in polyethylene bags in packets of 250, 500 grams and 1 kg or 2 kgs consumer packets he cut vegetables can be refrigerated and used for 1 or 2 weeks.

RAW MATERIALS

The main vegetables to be cut and packed are the common varieties of vegetables which are commonly used such as cabbage, Beans, Beet root, Carrot, Bindis, etc. They are locally available from the whole sale vegetable market at discounted prices. There is no shortage for these materials

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		200
Rent p.m.-Rs		400
Advance-10 months.Rs		4000

UTILITIES

The utilities required for the project are the following

Single phase	KW	1.00
Power charges Rs.lakhs p.a		0.11
Power& fuel		0.11
Water-For process-Litres per day		2000

For human consumption-ltr/day	200
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MANPOWER

The manpower requirement for the project is given below

			Monthly wages	Total
Supervisor	1		3000	3000
Skilled	2		2000	4000
Helpers	2		1500	3000
sub total				10000
Add benefits			20%	2000
Total per month				12000
TOTAL PER ANNUM-Rs. lakhs				1.44

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)			0.04
Plant & Machinery			0.70
Other Misc. assets			0.03
Pre-Operative expenses			0.05
Margin for WC			0.10
			0.92
2. MEANS OF FINANCE			
Capital			0.39
Term Loan			0.53
			0.92

- 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	60000 kgs of Cut Vegetables per annum
Capacity utilisation	Year-1 -60% Year -2 -70% Year-3 onwards- 80%
Selling price	Rs.20.00 per kg
Raw materials	As per the details given above
Packing materials	Rs.0.50 per Kg
Power	Rs.0.12 lakh per annum at 100%
Wages and salaries	Rs. 1.44 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.5000 per month
Interest on Term loan	10% per annum
Interest on working capital	10 % per annum

Income tax	33.66 % on profits
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ASSESSMENT OF WORKING CAPITAL

The following levels are projected for working capital

	Months	Values	%	Margin	Bank
	Consumptions			Amount	Finance
Raw Materials	0.50	0.18	25%	0.05	0.13
Expenses	1.00	0.05	100%	0.05	0.00
		0.23		0.10	0.13

A bank finance of Rs 0.13 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 57% of the installed capacity

LIST OF MACHINERY SUPLIERS

All kitchen Equipment suppliers and cutlery suppliers.

RAW MATERIAL

Available from wholesale vegetable Market

FINANCIAL ASPECTS						
1. COST OF PROJECT						
						[Rs.lakhs]
	Land & Building (Advance)			0.04		
	Plant & Machinery			0.70		
	Other Misc. assets			0.03		
	Pre-Operative expenses			0.05		
	Margin for WC			0.10		
				0.92		
2. MEANS OF FINANCE						
	Capital			0.39		
	Term Loan			0.53		
				0.92		
3. COST OF PRODUCTION & PROFITABILITY STATEMENT						
						[Rs.lakhs]
Years			1	2	3	4 5
	Installed Capacity Kgs		60000	60000	60000	60000 60000
	Utilisation		60%	70%	80%	80% 80%
	Production/Sales Kgs		36000	42000	48000	48000 48000
	Selling Price		Rs.20	per Kg		
	Sales Value (Rs.lakhs)		7.20	8.40	9.60	9.60 9.60
	Raw Materials		4.39	5.12	5.86	5.86 5.86

Packing Materials		0.18	0.21	0.24	0.24	0.24
Power & fuel		0.07	0.08	0.09	0.09	0.09
Wages & Salaries		1.44	1.47	1.50	1.53	1.56
Repairs & Maintenance		0.12	0.13	0.14	0.15	0.17
Depreciation		0.11	0.09	0.08	0.06	0.05
Cost of Production		6.31	7.10	7.90	7.93	7.97
Selling, Admin, & General exp		0.60	0.63	0.66	0.69	0.72
Interest on Term Loan		0.05	0.05	0.03	0.03	0.03
Interest on Working Capital		0.01	0.01	0.01	0.01	0.01
Total		6.97	7.79	8.60	8.66	8.73
Profit Before Tax		0.23	0.61	1.00	0.94	0.87
Provision for tax		0.00	0.00	0.00	0.00	0.00
Profit After Tax		0.23	0.61	1.00	0.94	0.87
Add: Depreciation		0.11	0.09	0.08	0.06	0.05
Cash Accruals		0.34	0.70	1.07	1.00	0.92
Repayment fo Term loan		0.00	0.13	0.13	0.13	0.14
4. WORKING CAPITAL:						
		Months	Values	%	Margin	Bank
		Consumptions			Amount	Finance
Raw Materials		0.50	0.18	25%	0.05	0.13
Expenses		1.00	0.05	100%	0.05	0.00
			0.23		0.10	0.13
6. PROFITABILITY RATIOS BASED ON 80% UTILISATION						
	<u>Profit after Tax</u>			=	<u>1.00</u>	10%
	Sales				9.60	

	<u>Profit before Interest and Tax</u>		=	<u>1.04</u>	99%		
	Total Investment			1.05			
	<u>Profit after Tax</u>		=	<u>1.00</u>	256%		
	Promoters Capital			0.39			
	7. BREAK EVEN LEVEL						
	Fixed Cost (FC):						
				[Rs.lakhs]			
	Wages & Salaries			1.50			
	Repairs & Maintenance			0.14			
	Depreciation			0.08			
	Admin. & General expenses			0.66			
	Interest on TL			0.03			
				2.40			
	Profit Before Tax (P)			1.00			
	BEL	FC x	=	<u>2.40</u>	x	<u>80</u>	x 100
	=	100					
		FC +P		3.40		100	
				57%	of installed capacity		