PROJECT PROFILE

ON

NANNARI HERBAL SYRUP

MONTH & YEAR
JULY 2011

PREPARED BY
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This publication is supported by

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NANNARI HERBAL SYRUP

INTRODUCTION

The Nannari herbal syrup is appeasing syrup used as a cool beverage. The essence extracted from Nannari roots are sold in glass bottles. They are used in households and petty shops and cool drinks shops in all towns and villages. The squash prepared will quench the thirst with the herbal flavour and essences contained in it.

MARKET

The soft drinks market is always growing in India. The opening up of the economy and the presence of multinationals in the field have not deterred the growth of traditional drinks which are native to India. The Nannary drink (sarasabarila essence) which are seen in the racks of all cool drink shops are still sold as safety drinks to quench the thirst. The product comes in syrup form with sugar and essences added and the plain water is added to dilute enabling the people to drink the same in glass tumblers.

INSTALLED CAPACITY

The installed capacity proposes for the small unit is 50 litres of the Nannary syrup per day on single shift basis. On this basis, the annual capacity works out to 15000 litres.

PLANT AND MACHINERY

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

	Qty	Rs
Gas stove	1	6000
Vessels		8000
Mixer grinder		8000
TOTAL		22000

MANUFACTURING PROCESS

Nannari roots(250gms) and Vetriver roots(250 gms)

are

cut into small pieces

II

They are then ground and powdered in mixer

II

The mixture is boiled with one litre water

II

20% of the weight burnt lime is added with water

for

process

II

Sugar syrup is added

II

Preservatives and milk are added

II

Bottled in 1 litre Glass bottles

RAW MATERIALS

For Quantity-Litres		15000.00		
		Qty	Rate	Value
Nannari roots-Kgs		3750	320.00	1200000
Vetriver roots-Kgs		3750	410.00	1537500
Sugar	Kgs	75000	40.00	3000000
Citric acid	Kgs	300.00	88.00	26400
Preservatives	Kgs	375	80.00	30000
TOTAL				5793900
TOTAL for	15000.00	Rs. lakhs		57.94
Raw material cost per MT		Litre		386.26
Packing material cost		Litre	5.00	75000
Packing cost Rs lakhs				0.75

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	500
Rent p.m.-Rs	2500
Advance-10 months.Rs	25000

UTILITIES

The utilities required for the project are the following

Single phase	KW	1.00
Power charges Rs.lakhs p.a		0.13
For process-Litres per day		1000
For human consumption		200

MANPOWER

The manpower requirement for the project is given below

		Monthly wages	Total
Supervisor	1	9000	9000
Skilled	2	7000	14000
Helpers	2	5000	10000
Assistant	1	6000	6000
sub total			39000
Add benefits		20%	7800
Total per month			46800
TOTAL PER ANNUM-Rs. lakhs			5.62

SCHEDULE OF IMPLEMENTATION

After finalizing the financing arrangements for the project, the project can be implemented in three months period.

COST OF PRODUCTION AND PROFITABILTY

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	15000 Litres of Nannary syrup per annum
Capacity utilisation	Year-1 -60% Year -2 -70% Year-3 onwards- 80%
Selling price	Rs.500.00 per litre
Raw materials	As per the details given above
Packing materials	Rs.0.45 lakh per annum
Power	Rs.0.08 lakh per annum at 100%
Wages and salaries	Rs. 5.62 lakhs with increase 5% every year.
Repairs and Maintenance	Rs.0.30 lakh per annum
Depreciation	Written down value method -15 % on machinery

Selling general and administrative expenses	Rs.10000 per month
Interest on Term loan	14% per annum
Interest on working capital	14 % per annum
Income tax	34 % on profits

MACHINERY & EQUIPMENT SUPPLIERS

All local dealers of vessels, Gas stove and Mixer

RAW MATERIAL SUPPLIERS

All dealers of Herbal roots, leaves

1. R.N.Rajan & co
No.1.Kumarappa Maistry Street
Chennai 600 001

2. ABSA Herbals
No: 30, Buddi Sahib Street
M.K.Garden
Chennai 600 001

3. Baleswari Ayurvedic
No; 62/2 Govindappa Naicken Street
Chennai 600 001

4. A. Perumal & co
No : 57 Audiappa Naikcken street
Chennai 600 001

FINANCIAL ASPECTS

1. COST OF PROJECT

	[Rs.lakhs]
Land & Building (Advance)	0.25
Plant & Machinery	0.22
Other Misc. assets	0.10
Pre-Operative expenses	0.05
Margin for WC	1.50
	2.12

2. MEANS OF FINANCE

Capital	1.95
Term Loan	0.17
	2.12

3. COST OF PRODUCTION & PROFITABILITY STATEMENT

[Rs.lakhs]

Years	1	2	3	4	5
Installed Capacity Litres	15000	15000	15000	15000	15000
Utilisation	60%	70%	80%	80%	80%
Production/Sales Litres	9000	10500	12000	12000	12000
Selling Price	Rs.500.00	per litre			
Sales Value (Rs.lakhs)	**45.00**	**52.50**	**60.00**	**60.00**	**60.00**
Raw Materials	34.76	40.56	46.35	46.35	46.35
Packing Materials	0.45	0.53	0.60	0.60	0.60
Power	0.08	0.09	0.11	0.11	0.11
Wages & Salaries	5.62	5.73	5.84	5.96	6.08
Repairs & Maintenance	0.30	0.33	0.36	0.40	0.44

Depreciation	0.03	0.03	0.02	0.02	0.02
Cost of Production	41.24	47.26	53.28	53.44	53.59
Selling, Admin, & General exp	1.20	1.26	1.32	1.39	1.46
Interest on Term Loan	0.02	0.02	0.02	0.02	0.02
Interest on Working Capital	0.00	0.00	0.00	0.00	0.00
Total	42.46	48.54	54.62	54.85	55.07
Profit Before Tax	2.54	3.96	5.38	5.15	4.93
Provision for tax	0.86	1.35	1.83	1.75	1.68
Profit After Tax	**1.68**	**2.61**	**3.55**	**3.40**	**3.25**
Add: Depreciation	0.03	0.03	0.02	0.02	0.02
Cash Accruals	1.71	2.64	3.57	3.42	3.26

4. WORKING CAPITAL:

	Months Consumptions	Values	%	Margin Amount	Bank Finance
Raw Materials	0.50	1.45	100%	1.45	0.00
Expenses	1.00	0.05	100%	0.05	0.00
		1.50		1.50	0.00

5. PROFITABILITY RATIOS BASED ON 80% UTILISATION

$$\frac{\text{Profit after Tax}}{\text{Sales}} = \frac{3.55}{60.00} \quad 6\%$$

$$\frac{\text{Profit before Interest and Tax}}{\text{Total Investment}} = \frac{5.40}{2.12} \quad 255\%$$

$$\frac{\text{Profit after Tax}}{\text{Promoters Capital}} = \frac{3.55}{1.95} \quad 182\%$$

6. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	5.84
Repairs & Maintenance	0.36
Depreciation	0.02
Admin. & General expenses	1.32
Interest on TL	0.02
	7.57

Profit Before Tax (P)	5.38

$$BEL = \frac{FC \times 100}{FC + P} = \frac{7.57}{12.94} \times \frac{80}{100} \times 100$$

= 47% of installed capacity