

PROJECT REPORT

Of

HONEY BASED BEVERAGES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Honey Based Beverages**

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 REPORT ON HONEY-BASED BEVERAGES

Quality and Standards:
Production Capacity:

As per FPO specifications
6 lakh bottles of 200 mL cap./annum



PRODUCT AND ITS APPLICATIONS

Natural honey has been one of the man's earliest foods. Honey is mainly produced from flowers and plants that require insect pollination by honey bee (*Apis mellifera*). This is produced in almost every part of the world and can be consumed fresh or stored by canning or bottling. It is used in ayurvedic medicines, direct consumption sweetener, as an ingredient for cough mixtures, sedatives, etc. Natural honey is available throughout the country. Marketing of crude honey poses problems due to its unattractive appearance, presence of waxes, insect eggs, etc. Delicious ready-to-serve (RTS) beverages from clarified are consumed like fruit based RTS. Honey-ginger beverage makes an exciting and refreshing drink.

MARKET POTENTIAL

RTS beverages are usually consumed for quenching of thirst and getting instant energy. Honey-based beverages have good taste and flavour. Sensory evaluation of the product has shown a good acceptability among consumers.

BASIS AND PRESUMPTION

- The unit proposes to work at least 300 days per annum on single shift basis. The unit can achieve its full capacity utilization during the 3rd year of operation.
- The wages for skilled workers is taken as per prevailing rates in this type of industry. Interest rate for total capital investment is calculated @ 11.50% per annum.
- The unit proposes to construct own building as per F.P.O. specifications.
- Costs of machinery and equipment are based on average prices enquired from machinery manufacturers.

IMPLEMENTATION SCHEDULE

Project implementation will take a period of 8 months. Break-up of the activities and relative time for each activity is shown below

a. Scheme preparation and approval	01 month
b. SSI provisional registration	1-2 months
c. Sanction of financial supports etc	2-5 months
d. Installation of machinery and power connection	6-8 months
e. Trial run and production	01 month

TECHNICAL ASPECTS

Availability of Raw Material

Honey, the basic raw material is available in the country in four forms viz., extracted honey, section-comb honey, chunk honey and pressed honey. The other raw materials required are ginger, sugar, citric acid, sunset yellow FCF and sodium benzoate. All the raw materials are readily available in local market.

Process of Manufacture

Technology for the manufacture of RTS beverages from honey is available with CFTRI, Mysore. For honey-based beverage, hot sugar syrup is prepared by using sugar, citric acid and water. A known quantity of honey is added to the hot syrup and heated to the desired temperature.

Fresh ginger is washed thoroughly, peeled, sliced and homogenized with a little quantity of water in a waring blender. The slurry is boiled with water for a specific time after adding citric acid. After setting, the clear liquid is decanted and filtered. The clear ginger extract is mixed with the syrup prepared with honey, sugar and water. This solution is heated to a desired temperature. After cooling, the preservative is added and mixture is transferred to a sedimentation tank and allowed to settle for 24 hours. The beverage is further filtered. The clarified beverage is heated to the desired temperature and permitted food colour is added and then filled hot into sterilized bottles and crown corked. The manufacturers have to take a licence under FPO.

Pollution Control

There is no major pollution problem associated with this industry except for disposal of waste which should be managed appropriately. The entrepreneurs are advised to take "No Objection Certificate" from the State Pollution Control Board.

Energy Conservation

The fuel for the steam generation in the boiler is coal or LDO depending upon the type of boiler. Proper care should be taken while utilizing the fuel for the steam production. There should be no leakage of steam in the pipe lines and adequate insulation should be provided.

Production Capacity

Installed capacity 6 lakh bottles of 200 mL cap./annum

Quality Control and Standard/STATUTORY / GOVERNMENT APPROVALS

The Ministry of Food Processing Industries has been operating several plan schemes for the development of processed food sector in the country during the 10th Plan. One of the schemes relates to the Technology Up-gradation/ Establishment/ Modernization of food processing industries.

The Indian food processing industry is regulated by several laws which govern the aspects of sanitation, licensing and other necessary permits that are required to start up and run a food business. The legislation that dealt with food safety in India was the Prevention of Food Adulteration Act, 1954 (hereinafter referred to as "**PFA**"). The PFA had been in place for over five decades and there was a need for change due to varied reasons which include the changing requirements of our food industry. The act brought into force in place of the PFA is the Food Safety and Standards Act, 2006 (hereinafter referred to as "**FSSA**") that overrides all other food related laws.

FSSA initiates harmonization of India's food regulations as per international standards. It establishes a new national regulatory body, the Food Safety and Standards Authority of India (hereinafter referred to as "**FSSAI**"), to develop science based standards for food and to regulate and monitor the manufacture, processing, storage, distribution, sale and import of food so as to ensure the availability of safe and wholesome food for human consumption. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur XXXXXXXX
- 2 Constitution (legal Status) XXXXXXXX
- 3 Father's/Spouce's Name XXXXXXXX
- 4 Unit Address XXXXXXXX
- Taluk/Block: XXXXX
 District : XXXXX State:
 Pin: XXXXX
 E-Mail : XXXXX
 Mobile XXXXX
- 5 Product and By Product : **Honey-Based Beverages**
- 6 Name of the project / business activity proposed **Honey-Based Beverages**
- 7 Cost of Project : Rs25.00lac
- 8 Means of Finance
 Term Loan Rs.14.47 Lacs
 KVIC Margin Money - As per Project Eligibility
 Own Capital Rs.2.5 Lacs
 Working Capital Rs.8.03 Lacs
- 9 Debt Service Coverage Ratio : 3.57
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 8 Months
- 12 Break Even Point : 38%
- 13 Employment : 11 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Honey ,Giger citrus acid
- 16 Estimated Annual Sales Turnover : 64.80 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (3000 Sq Ft)	2.50
Plant & Machinery	12.50
Furniture & Fixtures	0.50
Pre-operative Expenses	0.58
Working Capital Requirement	8.92
Total	25.00

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	2.50
Term Loan	14.47
Workign Capital Finance	8.03
Total	25.00

Beneficiary's Margin Money **General** **Special**
 (% of Project Cost) 10% 5%

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Automatic bottle filling machine	1		
Automatic bottle washing machine	1		
Stainless Steel tank	1		
Bottle collection & revolving table	1		
Steam jacket tank	1		
Water treatment plant	1		
Baby boiler	1		
Buchner funnels / flaskd	1		
Chain conveyor	1		
Other accessories	1		
Crown corking machine	1		
Electrical panels fittings	LS		
Testing equipments	LS		
Total			1,250,000.00

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.50	2.50	2.50	2.50	2.50
Retained Profit	5.85	14.82	26.25	40.82	58.15
Term Loan	14.47	10.85	7.24	3.62	0.71
Cash Credit	8.03	8.03	8.03	8.03	8.03
Sundry Creditors	0.31	0.36	0.41	0.46	0.51
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	31.52	36.96	44.87	55.91	70.43
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	15.50	15.50	15.50	15.50	15.50
Gross Dep.	2.15	4.02	5.62	6.99	8.17
Net Fixed Assets	13.35	11.48	9.88	8.51	7.33
Current Assets					
Sundry Debtors	2.16	2.76	3.16	3.56	3.96
Stock in Hand	7.07	8.25	9.43	10.61	11.78
Cash and Bank	6.44	11.72	19.37	29.90	43.69
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	31.52	36.96	44.87	55.91	70.43
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	64.80	82.80	94.80	106.80	118.80
Total (A)	64.80	82.80	94.80	106.80	118.80
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	13.11	15.29	17.48	19.66	21.85
Elecricity Expenses	1.72	2.01	2.29	2.58	2.86
Repair & Maintenance	-	0.83	0.95	1.07	1.19
Labour & Wages	7.13	7.84	8.62	9.49	10.44
Depreciation	2.15	1.87	1.60	1.37	1.18
Commissions	6.48	8.28	9.48	10.68	11.88
Consumables and Other Expenses	3.24	4.14	4.74	5.34	5.94
Cost of Production	33.83	40.25	45.16	50.19	55.33
Add: Opening Stock /WIP	-	5.76	6.72	7.68	8.64
Less: Closing Stock /WIP	5.76	6.72	7.68	8.64	9.60
Cost of Sales (B)	28.07	39.29	44.20	49.23	54.37
<u>C) GROSS PROFIT (A-B)</u>					
	36.73	43.51	50.60	57.57	64.43
	57%	53%	53%	54%	54%
D) Bank Interest (Term Loan)	1.25	1.51	1.09	0.68	0.27
Bank Interest (C.C. Limit)	0.92	0.92	0.92	0.92	0.92
E) Salary to Staff	26.77	29.45	32.39	35.63	39.19
F) Selling & Adm Expenses Exp.	1.30	1.66	1.90	2.14	2.38
TOTAL (D+E)	30.24	33.54	36.30	39.37	42.76
H) NET PROFIT	6.50	9.97	14.29	18.20	21.66
I) Taxation	0.65	1.00	2.86	3.64	4.33
J) PROFIT (After Tax)	5.85	8.97	11.43	14.56	17.33

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	2.50	-			
Reserve & Surplus	6.50	9.97	14.29	18.20	21.66
Depriciation & Exp. W/off	2.15	1.87	1.60	1.37	1.18
Increase in Cash Credit	8.03	-	-	-	-
Increase In Term Loan	14.47	-	-	-	-
Increase in Creditors	0.31	0.05	0.05	0.05	0.05
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	34.32	11.92	15.98	19.67	22.94
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.50	-	-	-	-
Increase in Stock	7.07	1.18	1.18	1.18	1.18
Increase in Debtors	2.16	0.60	0.40	0.40	0.40
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	3.62	3.62	3.62	2.91
Taxation	0.65	1.00	2.86	3.64	4.33
TOTAL :	27.88	6.64	8.33	9.14	9.15
Opening Cash & Bank Balance	-	6.44	11.72	19.37	29.90
Add : Surplus	6.44	5.28	7.65	10.53	13.79
Closing Cash & Bank Balance	6.44	11.72	19.37	29.90	43.69

COMPUTATION OF MANUFACTURING OF HONEY BASED BEVERAGE**Items to be Manufactured Honey based Beverage**

Manufacturing Capacity per day	-	2,000.00	Bottles
	-		
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		600,000.00	Bottles
Year		Capacity	Bottles
		Utilisation	
IST YEAR		60%	360,000
IIND YEAR		70%	420,000
IIIRD YEAR		80%	480,000
IVTH YEAR		90%	540,000
VTH YEAR		100%	600,000

COMPUTATION OF RAW MATERIAL

Item Name	UOM	Quantity of Raw Material	Unit Rate	Total Cost
Honey	MT	8.40	150,000.00	1,260,000.00
Sugar	MT	8.40	30,000.00	252,000.00
Citric Acid	MT	0.17	75,000.00	12,750.00
Pilfer proof caps	Lacs	6.00	1.00	600,000.00
Ginger	MT	0.60	50,000.00	30,000.00
Colour and Flavour preservatives	LS			30,000.00
Bottles 200ml	Lacs	6.00	10.00	-
				2,184,750.00
Annual Consumption cost	(In Lacs)			21.85

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	60%	13.11
IIND YEAR	70%	15.29
IIIRD YEAR	80%	17.48
IVTH YEAR	90%	19.66
VTH YEAR	100%	21.85

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>Finished Goods</u>					
(30 Days requirement)	5.76	6.72	7.68	8.64	9.60
<u>Raw Material</u>					
(30Days requirement)	1.31	1.53	1.75	1.97	2.18
Closing Stock	7.07	8.25	9.43	10.61	11.78

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			7.07
Sundry Debtors			2.16
		Total	9.23
Sundry Creditors			0.31
Working Capital Requirement			8.92
Margin			0.89
Working Capital Finance			8.03

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Food Technologist		12,000.00	1	12,000.00
Skilled Worker		9,000.00	2	18,000.00
Unskilled Worker		6,000.00	6	36,000.00
				54,000.00
Add: 10% Fringe Benefit				5,400.00
Total Labour Cost Per Month				59,400.00
Total Labour Cost for the year (In Rs. Lakhs)			9	7.13

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager	self	-	-	-
Accountant		8,000.00	1	8,000.00
Sales		10,000.00	1	10,000.00
Total Salary Per Month				202,807.13
Add: 10% Fringe Benefit				20,280.71
Total Salary for the month				223,087.84
Total Salary for the year (In Rs. Lakhs)			2	26.77

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	2.50	12.50	0.50	15.50
	-	2.50	12.50	0.50	15.50
Less : Depreciation	-	0.25	1.88	0.03	2.15
WDV at end of Ist year	-	2.25	10.63	0.48	13.35
Additions During The Year	-	-	-	-	-
	-	2.25	10.63	0.48	13.35
Less : Depreciation	-	0.23	1.59	0.05	1.87
WDV at end of IInd Year	-	2.03	9.03	0.43	11.48
Additions During The Year	-	-	-	-	-
	-	2.03	9.03	0.43	11.48
Less : Depreciation	-	0.20	1.35	0.04	1.60
WDV at end of IIIrd year	-	1.82	7.68	0.38	9.88
Additions During The Year	-	-	-	-	-
	-	1.82	7.68	0.38	9.88
Less : Depreciation	-	0.18	1.15	0.04	1.37
WDV at end of IV year	-	1.64	6.53	0.35	8.51
Additions During The Year	-	-	-	-	-
	-	1.64	6.53	0.35	8.51
Less : Depreciation	-	0.16	0.98	0.03	1.18
WDV at end of Vth year	-	1.48	5.55	0.31	7.33

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	14.47	14.47	-	-	14.47
	IInd Quarter	14.47	-	14.47	0.42	-	14.47
	IIIRD Quarter	14.47	-	14.47	0.42	-	14.47
	Ivth Quarter	14.47	-	14.47	0.42	-	14.47
					1.25	-	
IIND YEAR	Opening Balance						
	Ist Quarter	14.47	-	14.47	0.42	0.90	13.57
	IInd Quarter	13.57	-	13.57	0.39	0.90	12.66
	IIIRD Quarter	12.66	-	12.66	0.36	0.90	11.76
	Ivth Quarter	11.76	-	11.76	0.34	0.90	10.85
					1.51	3.62	
IIIRD YEAR	Opening Balance						
	Ist Quarter	10.85	-	10.85	0.31	0.90	9.95
	IInd Quarter	9.95	-	9.95	0.29	0.90	9.05
	IIIRD Quarter	9.05	-	9.05	0.26	0.90	8.14
	Ivth Quarter	8.14	-	8.14	0.23	0.90	7.24
					1.09	3.62	
IVTH YEAR	Opening Balance						
	Ist Quarter	7.24	-	7.24	0.21	0.90	6.33
	IInd Quarter	6.33	-	6.33	0.18	0.90	5.43
	IIIRD Quarter	5.43	-	5.43	0.16	0.90	4.52
	Ivth Quarter	4.52	-	4.52	0.13	0.90	3.62
					0.68	3.62	
VTH YEAR	Opening Balance						
	Ist Quarter	3.62	-	3.62	0.10	0.90	2.71
	IInd Quarter	2.71	-	2.71	0.08	0.90	1.81
	IIIRD Quarter	1.81	-	1.81	0.05	0.55	1.26
	Ivth Quarter	1.26	-	1.26	0.04	0.55	0.71
					0.27	2.91	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	8.00	10.84	13.03	15.94	18.51
Interest on Term Loan	1.25	1.51	1.09	0.68	0.27
Total	9.24	12.35	14.13	16.61	18.78
<u>REPAYMENT</u>					
Instalment of Term Loan	3.62	3.62	3.62	2.91	2.91
Interest on Term Loan	1.25	1.51	1.09	0.68	0.27
Total	4.87	5.13	4.71	3.59	3.18
DEBT SERVICE COVERAGE RA	1.90	2.41	3.00	4.63	5.91
AVERAGE D.S.C.R.			3.57		

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	36,000.00	42,000.00	48,000.00	54,000.00
Production	360,000.00	420,000.00	480,000.00	540,000.00	600,000.00
	360,000.00	456,000.00	522,000.00	588,000.00	654,000.00
Less : Closing Stock	36,000.00	42,000.00	48,000.00	54,000.00	60,000.00
Net Sale	324,000.00	414,000.00	474,000.00	534,000.00	594,000.00
Sale Price per Average per bottle	20.00	20.00	20.00	20.00	20.00
Sale (in Lacs)	64.80	82.80	94.80	106.80	118.80

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	20	
Load Factor			0.7460	
Electricity Charges		per unit	8.00	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				286,464.00
Add : Minimim Charges (@ 10%)				
(B) D.G. SET /Coal Fired				
No. of Working Days			300	days
No of Working Hours			-	Hour per day
Total no of Hour			-	
Diesel Consumption per Hour			-	
Total Consumption of Diesel			-	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			-	
Add : Lube Cost @15%			-	
Total			-	
Total cost of Power & Fuel at 100%				2.86
Year		Capacity		Amount (in Lacs)
IST YEAR		60%		1.72
IIND YEAR		70%		2.01
IIIRD YEAR		80%		2.29
IVTH YEAR		90%		2.58
VTH YEAR		100%		2.86

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	64.80	82.80	94.80	106.80	118.80
Less : Op. WIP Goods	-	5.76	6.72	7.68	8.64
Add : Cl. WIP Goods	5.76	6.72	7.68	8.64	9.60
Total Sales	70.56	83.76	95.76	107.76	119.76
Variable & Semi Variable Exp.					
Raw Material & Tax	13.11	15.29	17.48	19.66	21.85
Electricity Exp/Coal Consumption at 85%	1.46	1.70	1.95	2.19	2.43
Manufacturing Expenses 80%	2.59	3.97	4.55	5.13	5.70
Wages & Salary at 60%	20.34	22.37	24.61	27.07	29.78
Selling & administrative Expenses 80%	1.04	1.32	1.52	1.71	1.90
Intt. On Working Capital Loan	0.92	0.92	0.92	0.92	0.92
Total Variable & Semi Variable Exp	39.46	45.59	51.03	56.68	62.59
Contribution	31.10	38.17	44.73	51.08	57.17
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.65	0.99	1.14	1.28	1.43
Electricity Exp/Coal Consumption at 15%	0.26	0.30	0.34	0.39	0.43
Wages & Salary at 40%	13.56	14.92	16.41	18.05	19.85
Interest on Term Loan	1.25	1.51	1.09	0.68	0.27
Depreciation	2.15	1.87	1.60	1.37	1.18
Selling & administrative Expenses 20%	0.26	0.33	0.38	0.43	0.48
Total Fixed Expenses	18.12	19.92	20.96	22.19	23.63
Capacity Utilization	60%	70%	80%	90%	100%
OPERATING PROFIT	12.98	18.25	23.77	28.88	33.54
BREAK EVEN POINT	35%	37%	37%	39%	41%
BREAK EVEN SALES	41.12	43.71	44.87	46.82	49.50

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