

PROJECT REPORT

Of

MAHUA FLOWER JAM

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Mahua Flower Jam Making 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 : **MAHUA FLOWER JAM**
- 6 Name of the project / business activity proposed : **MAHUA FLOWER JAM MAKING UNIT**
- 7 Cost of Project : Rs.24.24 Lakhs
- 8 Means of Finance
- Term Loan Rs.13.05 Lakhs
- Own Capital Rs.2.42 Lakhs
- Working Capital Rs.8.77 Lakhs
- 9 Debt Service Coverage Ratio : 2.90
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 34%
- 13 Employment : 17 Persons
- 14 Power Requirement : 18.00 HP
- 15 Major Raw materials : Mahua Pulp, Sugar, Pectin, Citric Acid and Sodium Benzoate
- 16 Estimated Annual Sales Turnover (Max Capacity) : 181.76 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	13.70
Furniture & Fixtures	0.80
Working Capital	9.74
Total	24.24

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.42
Working Capital(Finance)	8.77
Term Loan	13.05
Total	24.24

MAHUA FLOWER JAM UNIT

Introduction:

Madhuca Indica is an Indian originated crop with a wide range of medicinal and health benefits that has yet to be fully explored due to citizen ignorance. The Mahua tree has a lot of medicinal potential for treating various diseases. Mahua (*Madhuca longifolia*) is a member of the Sapotaceae family that can be found in India, Sri Lanka, Myanmar, and Nepal. It's a multipurpose tree that can meet three basic requirements: food, fodder, and fuel. The flowers of the plant are edible and rich in nutritive value, containing a high amount of sugars as well as vitamins, proteins, minerals, and fats. Because of the higher sugar content, the flowers are used to sweeten a variety of traditional Indian dishes such as halwa, kheer, meethi puri, and barfi. The Mahua tree is primarily valued for its oily, fluorescent seeds, which are used in the production of liquor and soft sweets. The spent flowers are often used to feed livestock (after fermentation). A large number of flowers are used in the production of distilled beverages. The freshly cooking beverage has a distinct pungent foetid taste that vanishes with ageing. Mahua flower have several uses as mentioned above apart from that Mahua flowers are rich source of sugars which is responsible for its sweet taste and can be utilized to make indigenous or modern food product. Mahua jam is a tasty and healthy choice for people of all ages.



Uses & Market Potential:

Mahua (*Madhuca longifolia* var. *latifolia*) is a multi-purpose tree that offers a wide range of products to the community. The tree is an important NWFP (Non-timber forest products) species that produce edible products for many faunas as well. The tree is medium to wide in height, with a healthy crown. In 8 to 15 years, the tree matures and begins to bear flowers and fruits. Fruits are ovoid in shape and brown in colour, with elongated seeds. the flowering season lasts from February to April. Global Mahua and its commodity industry, which was valued at US\$ 1,435.25 billion in 2013, will grow at a 4.3 per cent CAGR from 2014 to 2020, reaching US\$1,937.73 billion. The demand for mahua products is projected to grow at a similar 4.9 percent CAGR in terms of value.

Product:

Mahua Flower Jam

Raw Material:

1. Mahua Pulp
2. Sugar
3. Pectin
4. Citric Acid
5. Sodium Benzoate

Manufacturing Process:



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 1500-2000Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Vibrating Pre-Cleaner	1	125000	125000
De-stoner	1	90000	90000
Magnetic Separator	1	155000	155000
Vegetable & Fruit Washing Machine	1	250000	250000
Pulper machine	1	95000	95000
Steam Jacketed Mixer Vessel	1	85000	85000
Heating Vessel	1	90000	90000
Aseptic Jar Filling & Capping Machine	1	300000	300000
Boiler	1	80000	80000
Material handling and other equipment's	-	100000	100000
Total Amount			1370000

Power Requirement- The estimated Power requirement is taken at 18 HP

Manpower Requirement- Following manpower is required:

- Machine operator-5
- Skilled/unskilled worker-4
- Helper-6
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.46	5.18	7.73	11.13
Add: Additions	2.42	-	-	-	-
Add: Net Profit	5.04	6.22	7.35	8.90	10.25
Less: Drawings	4.00	4.50	4.80	5.50	6.50
Closing Balance	3.46	5.18	7.73	11.13	14.89
CC Limit	8.77	8.77	8.77	8.77	8.77
Term Loan	11.60	8.70	5.80	2.90	-
Sundry Creditors	3.24	3.73	4.23	4.75	5.29
TOTAL :	27.07	26.37	26.53	27.55	28.95
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	14.50	14.50	14.50	14.50	14.50
Gross Dep.	2.14	3.95	5.50	6.82	7.95
Net Fixed Assets	12.37	10.55	9.00	7.68	6.55
Current Assets					
Sundry Debtors	5.13	6.22	7.12	8.08	9.09
Stock in Hand	7.85	9.04	10.26	11.55	12.89
Cash and Bank	1.72	0.57	0.15	0.25	0.42
TOTAL :	27.07	26.37	26.53	27.55	28.95

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	102.60	124.45	142.38	161.62	181.76
Total (A)	102.60	124.45	142.38	161.62	181.76
<u>B) COST OF SALES</u>					
Raw Material Consumed	64.80	74.52	84.60	95.04	105.84
Electricity Expenses	1.61	1.81	2.01	2.22	2.42
Repair & Maintenance	2.57	3.11	3.56	4.04	4.54
Labour & Wages	21.17	24.98	28.97	33.32	37.99
Depreciation	2.14	1.82	1.55	1.32	1.13
Cost of Production	92.28	106.24	120.70	135.94	151.91
Add: Opening Stock /WIP	-	4.61	5.31	6.03	6.80
Less: Closing Stock /WIP	4.61	5.31	6.03	6.80	7.60
Cost of Sales (B)	87.67	105.54	119.98	135.18	151.11
C) GROSS PROFIT (A-B)	14.93	18.91	22.41	26.45	30.65
	14.56%	15.19%	15.74%	16.36%	16.86%
D) Bank Interest i) (Term Loan)	1.42	1.16	0.84	0.52	0.20
ii) Interest On Working Capital	0.96	0.96	0.96	0.96	0.96
E) Salary to Staff	5.29	6.35	7.49	8.39	9.23
F) Selling & Adm Expenses Exp.	2.05	3.73	4.98	6.46	8.18
G) TOTAL (D+E+F)	9.72	12.20	14.28	16.34	18.58
H) NET PROFIT	5.21	6.70	8.13	10.11	12.07
	5.1%	5.4%	5.7%	6.3%	6.6%
I) Taxation	0.17	0.48	0.78	1.20	1.82
J) PROFIT (After Tax)	5.04	6.22	7.35	8.90	10.25

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.42	-	-	-	-
Reserve & Surplus	5.21	6.70	8.13	10.11	12.07
Depreciation & Exp. W/off	2.14	1.82	1.55	1.32	1.13
Increase In Cash Credit	8.77	-	-	-	-
Increase In Term Loan	13.05	-	-	-	-
Increase in Creditors	3.24	0.49	0.50	0.52	0.54
TOTAL :	34.83	9.01	10.18	11.95	13.74
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	14.50	-	-	-	-
Increase in Stock	7.85	1.18	1.23	1.28	1.34
Increase in Debtors	5.13	1.09	0.90	0.96	1.01
Repayment of Term Loan	1.45	2.90	2.90	2.90	2.90
Taxation	0.17	0.48	0.78	1.20	1.82
Drawings	4.00	4.50	4.80	5.50	6.50
TOTAL :	33.11	10.16	10.60	11.85	13.56
Opening Cash & Bank Balance	-	1.72	0.57	0.15	0.25
Add : Surplus	1.72	- 1.15	- 0.42	0.10	0.17
Closing Cash & Bank Balance	1.72	0.57	0.15	0.25	0.42

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	4.61	5.31	6.03	6.80	7.60
<u>Raw Material</u>					
(15 Days requirement)	3.24	3.73	4.23	4.75	5.29
Closing Stock	7.85	9.04	10.26	11.55	12.89

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	7.85		
Less:			
Sundry Creditors	3.24		
Paid Stock	4.61	0.46	4.15
Sundry Debtors	5.13	0.51	4.62
Working Capital Requirement			8.77
Margin			0.97
MPBF			8.77
Working Capital Demand			8.77

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	13.05	13.05	0.36	-	13.05
	Iind Quarter	13.05	-	13.05	0.36	-	13.05
	IIIrd Quarter	13.05	-	13.05	0.36	0.73	12.33
	Ivth Quarter	12.33	-	12.33	0.34	0.73	11.60
					1.42	1.45	
II	Opening Balance						
	Ist Quarter	11.60	-	11.60	0.32	0.73	10.88
	Iind Quarter	10.88	-	10.88	0.30	0.73	10.15
	IIIrd Quarter	10.15	-	10.15	0.28	0.73	9.43
	Ivth Quarter	9.43		9.43	0.26	0.73	8.70
					1.16	2.90	
III	Opening Balance						
	Ist Quarter	8.70	-	8.70	0.24	0.73	7.98
	Iind Quarter	7.98	-	7.98	0.22	0.73	7.25
	IIIrd Quarter	7.25	-	7.25	0.20	0.73	6.53
	Ivth Quarter	6.53		6.53	0.18	0.73	5.80
					0.84	2.90	
IV	Opening Balance						
	Ist Quarter	5.80	-	5.80	0.16	0.73	5.08
	Iind Quarter	5.08	-	5.08	0.14	0.73	4.35
	IIIrd Quarter	4.35	-	4.35	0.12	0.73	3.63
	Ivth Quarter	3.63		3.63	0.10	0.73	2.90
					0.52	2.90	
V	Opening Balance						
	Ist Quarter	2.90	-	2.90	0.08	0.73	2.18
	Iind Quarter	2.18	-	2.18	0.06	0.73	1.45
	IIIrd Quarter	1.45	-	1.45	0.04	0.73	0.73
	Ivth Quarter	0.73		0.73	0.02	0.73	0.00
					0.20	2.90	

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

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	7.17	8.04	8.90	10.22	11.38
Interest on Term Loan	1.42	1.16	0.84	0.52	0.20
Total	8.59	9.19	9.74	10.74	11.58
<u>REPAYMENT</u>					
Repayment of Term Loan	1.45	2.90	2.90	2.90	2.90
Interest on Term Loan	1.42	1.16	0.84	0.52	0.20
Total	2.87	4.06	3.74	3.42	3.10
DEBT SERVICE COVERAGE RATIO	3.00	2.27	2.61	3.14	3.74
AVERAGE D.S.C.R.			2.90		

Assumptions:

1. Production Capacity of Mahua Flower Jam Making unit is taken at 300 KG per day. First year, Capacity has been taken @ 40%.
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 18 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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