

Chapter Name

BUSINESS PLANNING & FINANCING

Chapter Submitted By:

Riya Bhattacharjee
Kolkata, West Bengal

CANNED FRUIT PRODUCTS

INTRODUCTION:

Pineapple is one of the predominant foods grown from the ground revered by standard individuals no matter what their age group. Numerous strategies have been progressed to make open occasional natural products in any event, during slow time of year. Canned pineapple bits and liquid are such items. Pineapple is consumed as sweet, in organic product plates of mixed greens, while making cakes and baked goods and so on. Hence there are colossal number of clients who might want to gobble up pineapple cuts or squeeze.

OFFICE:

The Registered Office as well as the Factory/Plant will be situated in ASSAM.

ADDR: MRINAL CANNED FOOD PRODUCTS PVT. LTD.

OLD PWD BLOCK , KAHIKUCHI,BORJHAR, ASSAM-781015

PHONE NO.- +91-361-284177 , E-MAIL: mrinal_280692@yahoo.com

WEBSITE: www.mrinalcfpindia.com

VISION:

To be known as a path definer in the fruit industry.

OBJECTIVE:

Give the best product to our customer and help them to get good health.

PRODUCT:

Applications

Pineapple items incorporate pineapple bits and liquid. To expand the timeframe of realistic usability and to make pineapple nectar and parcels in any event, during slow time of year, canning is the most predominant strategy. The task can be attempted in pineapple developing states and the ideal areas are the North Eastern states.

Availability of technology and compliances:

CFTRI, Mysore, has fostered the cycle expertise. Confirmation under FPO and compliances with different arrangements in that is necessary.

MARKET POTENTIAL:

Demand and supply:

Natural products offer crucial proteins as well as minerals and they are being consumed by people since innumerable ranges. The significant impediment of any Agribusiness/agriculture produce is occasional availability. A few practices to safeguard these short-lived supplies have been created during most recent couple of many years and canning is one such trustworthy strategy. Pineapples

are extremely well known among shoppers and their attainable quality as juice or cuts round the year would empower the clients to appreciate them at whatever point they need. Pineapples are filled in enormous amount in North Eastern States including Assam. On the off chance that new pineapples are handled and canned, there is enormous market dissipated all through the country. There are likewise generally excellent product possibilities assuming worldwide quality is accomplished and supported. Nations like the USA, UK, Germany, Holland and so on are standard shippers of pineapple items.

MARKETING STRATEGY:

The original business visionary must be extra cautious while moving toward send out business sectors and preferably he ought to have incredible contacts either with unfamiliar purchasers or a few go-betweens. India itself is an exceptionally huge and developing business sector and when nature of the item is laid out in the homegrown market, endeavors can be made to stretch out to unfamiliar business sectors.

Target Customer:

- Retail mall (Big Bazaar and other big retailer)
- Grocery Shop(Area basis)
- Unorganized retail outlet.

Segmentation:

- It is for younger and also for aged person who loves Pineapples.
- It is for all type of income people

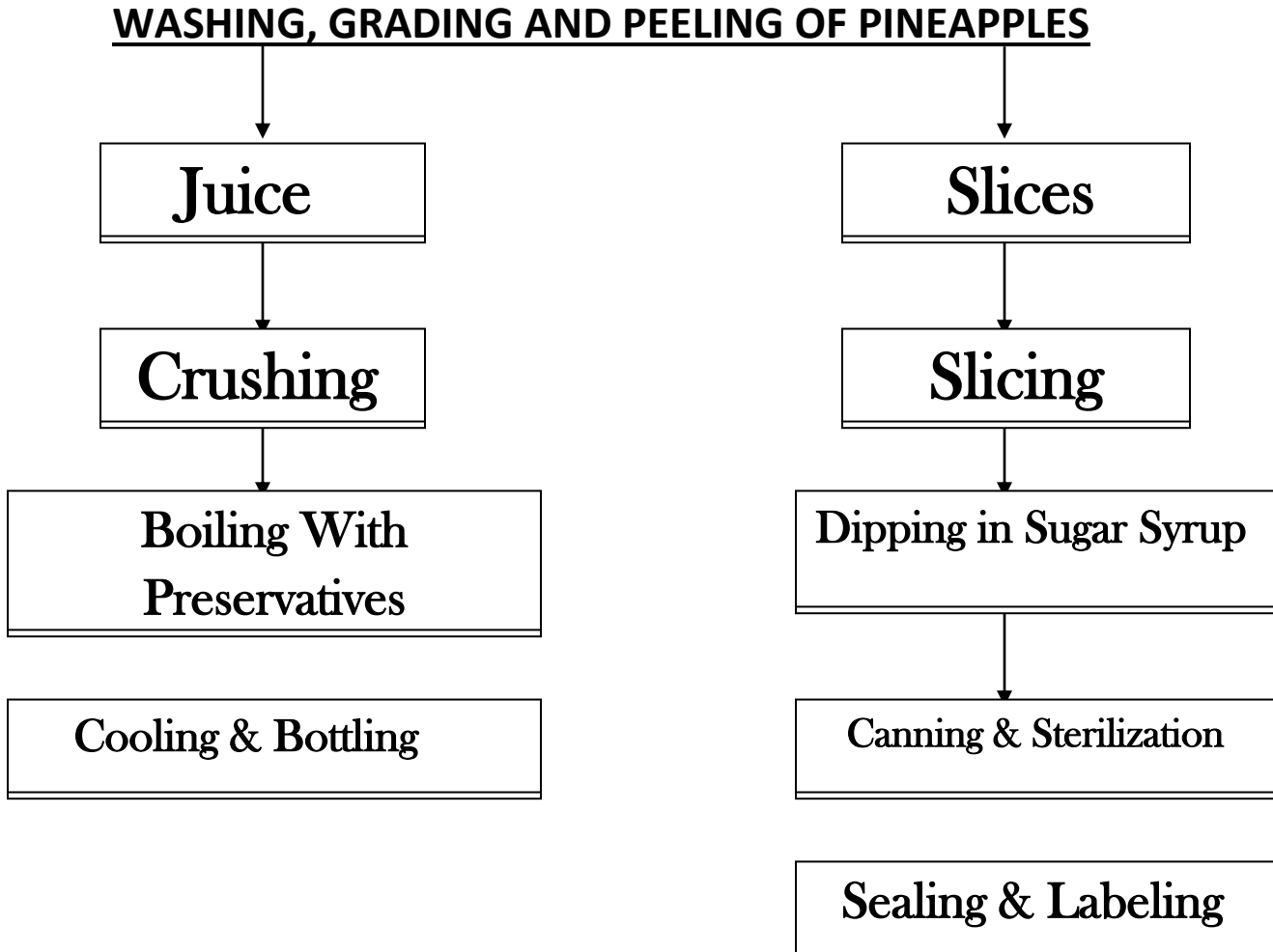
Promotional Activity:

- Direct Marketing.
- Through own website.
- Through outsourcing.

- B2B Marketing.
- Word of mouth with the help of sample distributing (mall, movie hall, college etc).
- Strategic tie up with popular social websites like- YOU TUBE, FACEBOOK, INSTAGRAM etc.

MANUFACTURING PROCESS:

CFTRI, Mysore has created innovation for these items. The assembling system of the proposed pineapple items viz. Cuts and Squeeze includes many advances and different sub-processes. Ready and developed pineapples are washed, evaluated and stripped. Then, at that point, they are squashed in the smasher to get juice. In the event of cuts, subsequent to stripping, uniform cuts are made on the slicer. Juice is then taken to vessels and bubbled and certain additives are added. It is at last taken to capacity tanks and pressed in bottles on vacuum filling machine. If there should be an occurrence of cuts, they are dunked in sugar syrup for around 3 to 4 hours. Then the cuts are taken to lacquered endlessly jars are cleaned. While canning, sugar syrup is added. Jars are cooled rapidly and subsequent to fixing and naming, they are put away. The typical yield is around 80%. The Interaction Stream Diagram is as under:



CAPITAL INPUTS:

Land and Buildings:

A plot of place where there is around 1000 sq.mtrs. with developed area of 600 sq.mtrs. would be required. The primary processing plant activities would require around 350 sq.mtrs. of developed region though balance region will be required for washing, stockpiling of natural substances and completed merchandise and pressing. 5000 ltrs. limit water capacity tank will likewise be required. Cost of land is assessed Rs.3.00 lacs while that of common work Rs.16.50 lacs.

Plant and Machinery:

The prerequisite of plant and hardware for the venture could be partitioned into five lines as under.

1. Washing and readiness.
2. Cut line.
3. Juice line.
4. Syrup line.
5. Pressing line.

It is proposed to have introduced handling limit of 3600 tons each year considering twofold shift working and 300 working days. This would require following apparatus.

| SL NO. | PARTICULARS | QUANTITY/NO. |
|--------|-----------------------------------|--------------|
| 1. | <u>Washing & Preparation:</u> | |

| | | |
|----|--|---|
| | <p>(a) Channel System for Unloading & Washing Pineapples</p> <p>(b) Discharge Elevator</p> <p>(c) Graders</p> <p>(d) Belt Conveyors</p> <p>(e) Chutes</p> <p>(f) Pineapple Peelers</p> | <p>2</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p> <p>2</p> |
| 2. | <p><u>Slice Line:</u></p> <p>(a) Single Knife Slicers</p> <p>(b) Corner and Can Loaders</p> <p>(c) Resizer/Corners</p> <p>(d) Can Loaders</p> <p>(e) Pieces Cutting Machines</p> <p>(f) Vaccum Filling Machine</p> <p>(g) Seaming Machine</p> <p>(h) Tunnel Pasteurizer/Cooler</p> <p>(i) Can Dryer</p> <p>(j) Belt Conveyors</p> | <p>1</p> <p>2</p> <p>2</p> <p>1</p> <p>2</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>2</p> |
| 3. | <p><u>Juice Line:</u></p> <p>(a) Disintegrator</p> <p>(b) Vessels</p> <p>(c) Pumps</p> <p>(d) Packing Press</p> <p>(e) Tubular Preheater</p> <p>(f) Separator</p> | <p>1</p> <p>2</p> <p>2</p> <p>1</p> <p>1</p> <p>1</p> |

| | | |
|----|----------------------------------|---|
| | (g) Vacuum Filling Machine | 1 |
| | (h) Seaming Machine | 1 |
| | (i) Tunnel Pasteurizer/cooler | 1 |
| | (j) Can Dryer | 1 |
| | (k) Belt Conveyors | 1 |
| 4. | Syrup Line | 1 |
| 5. | Labeling and Packing Line | 1 |

The complete expense of hardware and types of gear is Rs.100.00 lacs.

Incidental Resources:

Different resources like belts, pulleys, siphons, furniture and apparatuses, stockpiling racks and receptacles, plastic cases and tubs, and so forth would cost Rs.8.00 lacs.

Utilities:

The power necessity will be 100 HP while water prerequisite will be 10,000 liters consistently. The complete expense of force and water would be Rs.12.00 lacs each year.

Crude and Pressing Materials:

Yearly prerequisite of pineapples will be 3600 tons. The provinces of Assam, Manipur, Arunachal Pradesh and so forth develop in excess of 75,000 tonnes of pineapple consistently and accessibility of 300 tonnes consistently won't be an issue.

Different materials like additives, sugar and so forth will be accessible locally. Pressing materials will be lacquered tins, names, layered boxes, BOPP tape and so on for which having affirmed earlier arrangements is prudent.

Labor supply Prerequisite:

| SL. NO. | PARTICULARS | NO. | MONTHLY SALARY | TOTAL MONTHLY |
|---------|----------------------|-----|----------------|---------------|
| 1. | Plant Operators | 8 | 3,500 | 28,000 |
| 2. | Skilled Workers | 10 | 2,500 | 25,000 |
| 3. | Semi-Skilled Workers | 8 | 1,750 | 14,000 |
| 4. | Helpers | 6 | 1,250 | 7,500 |
| 5. | Accountant | 1 | 4,000 | 4,000 |
| 6. | Salesman | 6 | 2,500 | 15,000 |
| | Total | | | 93,500 |

Recruitments:

- From the campus.
- Group discussions, psychometric tests and an in- depth reference check.
- Merit-basis only.

FINANCIAL PLAN

DETAILS OF THE PROPOSED PROJECT:

Land and Building

(Rs. In Lacs.)

| Particulars | Area (Sq. Mtrs.) | Cost |
|-------------|------------------|------|
| Land | 1,000 | 3.00 |

| | | |
|--------------|-----|--------------|
| Building | 600 | 16.50 |
| Total | | 19.50 |

Plant and Apparatus:

The complete expense is assessed to be Rs. 100 lacs, as made sense of before.

Random Resources:

The arrangement for incidental resources has been made to the degree of Rs. 8.00 lacs. The subtleties are outfitted before.

Starter and Pre-usable Costs:

The enrollment charges, foundation costs, preliminary attempt costs, interest during execution and so on would associate with Rs. 10.00 lacs.

Miscellaneous Calculations:

Sales Revenue @ 100% Capacity

(Rs. In Lacs.)

| Products | Qty. (Tonnes) | Selling Price per ton | Value |
|------------------|---------------|-----------------------|---------------|
| Pineapple Slices | 1350 | 11,000 | 148.50 |
| Pineapple Juice | 1550 | 14,000 | 217.00 |
| Total | | | 365.50 |

Raw and Packing Materials Required @ 100% Capacity

(Rs. In Lacs)

| Products | Qty. (Tonnes) | Rate per Ton | Value |
|------------|---------------|--------------|-------|
| Pineapples | 3600 | 2,000 | 72.00 |

| | | | |
|--|-------|-------|---------------|
| Sugar | ----- | ----- | 45.00 |
| Preservatives, essence, etc. | ----- | ----- | 6.00 |
| | | | |
| Packing materials @ Rs.3000 per Ton | ----- | ----- | 87.00 |
| Total | | | 210.00 |

COST OF LABOUR WAGES:

Labour Charges= Rs.7,500*12= Rs.90,000 per year.

Cost of Utilities:

The enlistment charges, establishment costs, fundamental endeavor costs, interest during execution, etc would connect with Rs. 10.00 lacs.

For 60% Capacity: $60/100 * 12,00,000 = \text{Rs. } 7,20,000$.

For 70% Capacity: $70/100 * 12,00,000 = \text{Rs. } 8,40,000$.

Establishment Cost:

Salaries: Rs. 86,000 per month * 12 = Rs. 10,32,000.

Administrative Cost:

Administration Cost = Rs. 6,00,000 @ 100% capacity

For 60% Capacity: $60/100 * 6,00,000 = \text{Rs. } 3,60,000$

For 70% Capacity: $70/100 * 6,00,000 = \text{Rs. } 4,20,000$

Selling & Distribution Cost:

10% of Sales Revenue: &

- For 60% Capacity: =60% of 365.5 Lakhs = 10% of 219.3 LAKHS
- For 70% Capacity: = 70% of 365.5 Lakhs= 10% of 255.85 LAKHS

MANUFACTURING COST:

Manufacturing Cost is 1% of Sales Value.

COST OF PROJECT:

INVESTMENT IN CAPITAL ASSETS:-

| | |
|---|--------------------------------|
| ➤ LAND & BUILDING | : Rs. 19,50,000 |
| ➤ PLANT & MACHINERY | : Rs.1,00,00,000 |
| ➤ MISCELLANEOUS ASSETS | : Rs. 8,00,000 |
| ➤ PRELIMINARY AND PREOPERATIVE EXPENSES | : Rs. 10,00,000 |
| ➤ CONTINGENCY @ 10% ON PLANT & MACHINERY | : Rs. 10,00,000 |
| ➤ INVESTMENT IN WORKING CAPITAL | : Rs. 37,24,000 |
| TOTAL | : <u>Rs.1,84,74,000</u> |

MEANS OF FINANCE:

| | |
|---------------------------------------|-------------------------|
| ➤ TERM LOAN (70% OF 134.5 LAKHS) | : Rs. 94,15,000 |
| ➤ BANK WORKING CAPITAL LOAN | : Rs. 20,06,000 |
| ➤ CREDITORS SUPPORT | : Rs. 10,50,000 |
| ➤ OWN INVESTMENT (6.68+3+10+40.35) | : Rs. 60,03,000 |
| TOTAL | : Rs.1,84,74,000 |

Statement of Working Capital Requirement:

At 60% usage in the main year, the complete working capital requirements will be as under:

| SL. NO. | PARTICULARS | % OF MARGIN | HOLDING PERIOD | TOTAL INVESTMENT | MPBF | OWN CONTRIBUTION |
|------------------------------|--------------------------------|-------------|---------------------|------------------|------------------|------------------|
| | (A) CURRENT ASSETS | | | | | |
| 1 | INVENTORY OF FINISHED GOODS | 25% | 1/2 MONTHS OF SALES | 9,14,000 | 6,86,000 | 2,28,000 |
| 2 | INVENTORY OF RAW MATERIALS | 25% | 1/2 MONTHS OF COST | 5,25,000 | 3,94,000 | 1,31,000 |
| 3 | INVENTORY OF W-I-P | 25% | 1/4 MONTHS OF SALES | 4,57,000 | 3,43,000 | 1,14,000 |
| 4 | DEBTORS | 25% | 1 MONTH OF SALES | 18,28,000 | 13,71,000 | 4,57,000 |
| GROSS WORKING CAPITAL | | | | 37,24,000 | 27,94,000 | 9,30,000 |
| | (B) CURRENT LIABILITIES | | | | | |
| 5 | (A) CREDITORS | 25% | 1 MONTH OF COST | 10,50,000 | 7,88,000 | 2,62,000 |
| | NET WORKING CAPITAL | | | 26,74,000 | 20,06,000 | 6,68,000 |

SCHEDULE FOR FIXED ASSETS:

| SL NO. | PARTICULARS | RATE OF DEP | COST AMT | DEPRECIATION | WDV |
|--------|-------------------|-------------|-------------|--------------|-----------|
| 1 | LAND | -- | 3,00,000 | -- | 3,00,000 |
| 2 | BUILDING | 10% | 16,50,000 | 1,65,000 | 14,85,000 |
| 3 | PLANT & MACHINERY | 20% | 1,00,00,000 | 20,00,000 | 80,00,000 |
| 4 | MISC. ASSETS | 20% | 8,00,000 | 1,60,000 | 6,40,000 |

Depreciation:

It is determined on RBM strategy and rates considered are 10% on structures and 20% on plant and apparatus and misc. resources.

LOAN REPAYMENT SCHEDULE:

(Rs. IN LAKHS)

| QUARTER | PARTICULARS | PRINCIPAL | INTEREST |
|---------|---------------|-----------|----------|
| | LOAN RECEIVED | 94.15 | |
| 1ST | LOAN REPAYED | 3.37 | 2.35 |
| | | 90.78 | |
| 2ND | LOAN REPAYED | 3.37 | 2.27 |
| | | 87.41 | |
| 3RD | LOAN REPAYED | 3.37 | 2.19 |
| | | 84.04 | |
| 4TH | LOAN REPAYED | 3.37 | 2.1 |
| | | 80.67 | |
| 5TH | LOAN REPAYED | 3.37 | 2.01 |
| | | 77.3 | |
| 6TH | LOAN REPAYED | 3.37 | 1.93 |
| | | 73.93 | |
| 7TH | LOAN REPAYED | 3.37 | 1.85 |
| | | 70.56 | |
| 8TH | LOAN REPAYED | 3.37 | 1.76 |
| | BALANCE | 67.19 | |

BANK WILL CHARGE 10% INTEREST ON TERM LOAN AS WELL AS ON WORKING CAPITAL LOAN.

CALCULATION OF FINANCIAL COST:

INTEREST ON TERM LOAN: Rs. 8,90,000

INTEREST ON W.CAPITAL: Rs. 2,00,600

TOTAL Rs.10,90,600

(Rs. IN LAKHS)

| PROJECTED PROFITABILITY STATEMENT | | |
|--|------------|------------|
| Particulars | 60% | 70% |
| A. INCOME/REVENUES | | |
| -sales | 219.3 | 255.85 |
| B. EXPENDITURE | | |
| -Cost of raw material consumed | 126 | 147 |
| -Labour Wages | 0.9 | 0.9 |
| -Utility | 7.2 | 8.4 |
| -Manufacturing Expanses | 2.1 | 2.5 |
| -Establishment Expanses | 10.32 | 10.32 |
| -Stores & Spares | 2.4 | 3.6 |
| -Administration Expanses | 3.6 | 4.2 |
| -Selling & Distribution Expanses | 21.9 | 25.6 |
| -Financial Cost | 10.9 | 9.55 |
| -Depreciation | 23.25 | 18.77 |
| -Preliminary & Preoperative Expenses | 2 | 2 |
| | | |
| Profit before Tax | 8.73 | 23.01 |
| Tax @ 30 % | 2.6 | 6.9 |
| Profit after Tax | 6.13 | 16.11 |

#ASSUME TAX RATE @ 30%

(Rs. IN LAKHS)

| PROJECTED FUND FLOW STATEMENT | | |
|--|----------------|----------------|
| Particulars | 1st yr. | 2nd yr. |
| A. Sources of Funds: | | |
| - Term Loan from Bank | 94.15 | 80.67 |
| -Working Capital Loan | 20.06 | 20.06 |
| - Crediter support | 10.5 | 12.25 |
| -Own investment | 60.03 | 60.03 |
| -Fund from Operation : | | |
| Net Profit | 6.13 | 16.11 |
| Add: Depreciation | 23.25 | 18.77 |
| Add:Preliminary & Pre-operating expanse | 2 | 2 |
| Total | 216.12 | 209.89 |
| B. Application of Funds | | |
| - Investment in Working Capital | 37.24 | 43.43 |
| - Investment in Capital Asset | 127.5 | 104.25 |
| - Investment in deferred Revenue Expanse | 10 | 8 |
| - Repayment of loan | 13.48 | 13.48 |
| Total | 188.22 | 169.16 |
| | | |
| Cash balance | 27.9 | 40.73 |

(RS. IN LAKHS)

PROJECTED BALANCE SHEET

| PROJECTED BALANCE SHEET | | | | |
|---|-------|----------------|--------|----------------|
| Particulars | | 1st yr. | | 2nd yr. |
| A. Liabilities: | | | | |
| Shareholder Fund | | | | |
| - Own Investment | | 60.03 | | 60.03 |
| - Credit Balance of P\L appropriation A/C | | 6.13 | | 16.11 |
| Loan | | | | |
| - Term Loan | 94.15 | | 80.67 | |
| Less: Loan Repayment | 13.48 | | 13.48 | |
| | | 80.67 | | 67.19 |
| -Working Capital Loan | | 20.06 | | 20.06 |
| -Creditor | | 10.5 | | 12.25 |
| Total | | 177.39 | | 175.64 |
| B. Assets: | | | | |
| Fixed Asset | 127.5 | | 104.25 | |
| Less:Depreciation | 23.25 | | 18.77 | |
| | | 104.25 | | 85.23 |
| Current Asset | | | | |
| - Inventory | | | | |
| Inventory of Finished goods | 9.14 | | 10.66 | |
| Add: Inventory of raw materials | 5.25 | | 6.12 | |
| Add: Inventory of WIP | 4.57 | | 5.33 | |
| | | 18.96 | | 22.11 |
| -Debtors | | 18.28 | | 21.57 |
| -Cash Balance | | 27.9 | | 40.73 |
| Miscellenous Expanse | | | | |
| - Preliminary & Pre-operative Exp | 10 | | 8 | |
| Less : Return | 2 | | 2 | |
| | | 8 | | 6 |
| Total | | 177.39 | | 175.64 |

RATIO ANALYSIS:

FIRST YEAR

SECOND YEAR

| | | |
|-----------------------|--------|--------|
| ✓ CURRENT RATIO= | 6.20:1 | 6.89:1 |
| ✓ DEBT EQUITY RATIO= | 2.07:1 | 1.88:1 |
| ✓ GROSS PROFIT RATIO= | 37.8% | 37.5% |
| ✓ NET PROFIT RATIO= | 2.8% | 6.30% |
| ✓ DSCR= | 0.67 | 1.13 |

Machinery & Raw Materials suppliers:

- 1. Aysun Agency, Kolkata, West Bengal**
- 2. ABC Company, New Delhi**
- 3. RM Works, Mumbai**
- 4. MB (I) Ltd, New Delhi**
- 5. ATS Pvt. Ltd., Patna.**
- 6. Soma Ent. (India) Pvt. Ltd., West Bengal.**

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