

## Chapter Name

# **BUSINESS PLANNING & FINANCING**

## Chapter Submitted By:

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## 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](mailto:mrinal_280692@yahoo.com)

### WEBSITE: [www.mrinalcfpindia.com](http://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

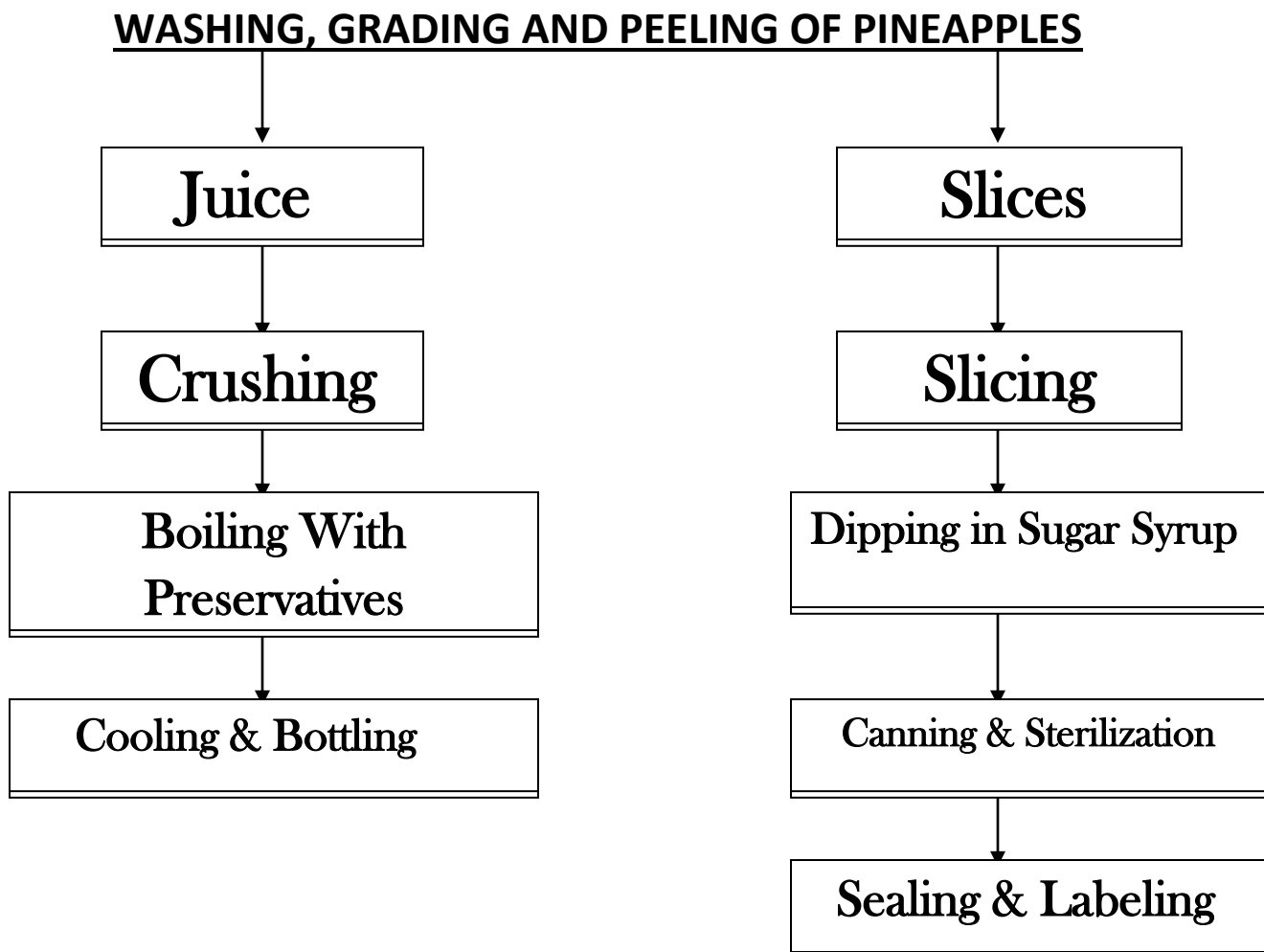
### **Promotional Activity:**

- 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 developed technology for these products. The manufacturing process of the proposed pineapple products viz. Slices and Juice involves many steps and different sub-processes. Ripe and matured pineapples are washed, graded and peeled. Then they are crushed in the crusher to obtain juice. In case of slices, after peeling, uniform slices are made on the slicer. Juice is then taken to vessels and boiled and certain preservatives are added. It is finally taken to storage tanks and packed in bottles on vacuum filling machine. In case of slices, they are dipped in sugar syrup for about 3 to 4 hours. Then the slices are taken to lacquered cans and cans are sterilized. While canning, sugar syrup is added. Cans are cooled quickly and after sealing and labeling, they are stored. The average yield is around 80%. The Process Flow Chart is as under:



## **CAPITAL INPUTS:**

### **Land and Buildings:**

A plot of land of around 1000 sq.mtrs. with built up area of 600 sq.mtrs. would be required. The main factory operations would need around 350 sq.mtrs. of built up area whereas balance area will be needed for washing, storage of raw materials and finished goods and packing. 5000 ltrs. capacity water storage tank shall also be needed. Cost of land is estimated Rs.3.00 lacs whereas that of civil work Rs.16.50 lacs.

### **Plant and Machinery:**

The requirement of plant and machinery for the project could be divided into five lines as under.

1. Washing and preparation.
2. Slice line.
3. Juice line.
4. Syrup line.
5. Packing line.

It is suggested to have installed processing capacity of 3600 tonnes per year considering double shift working and 300 working days. This would require following machinery.

SL NO.	PARTICULARS	QUANTITY/NO.
1.	<b><u>Washing &amp; Preparation:</u></b>	
	(a) Channel System for Unloading & Washing Pineapples	2
	(b) Discharge Elevator	1

	<ul style="list-style-type: none"> <li>(c) Graders</li> <li>(d) Belt Conveyors</li> <li>(e) Chutes</li> <li>(f) Pineapple Peelers</li> </ul>	<ul style="list-style-type: none"> <li>1</li> <li>2</li> <li>2</li> <li>2</li> </ul>
2.	<p><b><u>Slice Line:</u></b></p> <ul style="list-style-type: none"> <li>(a) Single Knife Slicers</li> <li>(b) Corner and Can Loaders</li> <li>(c) Resizer/Corners</li> <li>(d) Can Loaders</li> <li>(e) Pieces Cutting Machines</li> <li>(f) Vaccum Filling Machine</li> <li>(g) Seaming Machine</li> <li>(h) Tunnel Pasteurizer/Cooler</li> <li>(i) Can Dryer</li> <li>(j) Belt Conveyors</li> </ul>	<ul style="list-style-type: none"> <li>1</li> <li>2</li> <li>2</li> <li>1</li> <li>2</li> <li>1</li> <li>1</li> <li>1</li> <li>1</li> <li>2</li> </ul>
3.	<p><b><u>Juice Line:</u></b></p> <ul style="list-style-type: none"> <li>(a) Disintegrator</li> <li>(b) Vessels</li> <li>(c) Pumps</li> <li>(d) Packing Press</li> <li>(e) Tubular Preheater</li> <li>(f) Separator</li> <li>(g) Vacuum Filling Machine</li> <li>(h) Seaming Machine</li> </ul>	<ul style="list-style-type: none"> <li>1</li> <li>2</li> <li>2</li> <li>1</li> <li>1</li> <li>1</li> <li>1</li> <li>1</li> </ul>

	(i) Tunnel Pasteurizer/cooler	1
	(j) Can Dryer	1
	(k) Belt Conveyors	1
4.	<b>Syrup Line</b>	1
5.	<b>Labeling and Packing Line</b>	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.

### **Raw and Packing Materials:**

Yearly requirement of pineapples will be 3600 tonnes. The states of Assam, Manipur, Arunachal Pradesh etc. grow more than 75,000 tonnes of pineapple every year and availability of 300 tonnes every month will not be a problem.

Other materials like preservatives, sugar etc. shall be available locally. Packing materials shall be lacquered tins, labels, corrugated boxes, BOPP tape etc. for which it is advisable to have confirmed prior arrangements.

## **MANPOWER REQUIREMENT:**

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
	<b>Total</b>			<b>93,500</b>

## **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
<b>Total</b>		<b>19.50</b>



## 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
<b>Total</b>			<b>365.50</b>

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
<b>Total</b>			<b>210.00</b>

### **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:  $60/100*12,00,000=Rs. 7,20,000$ .

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

### **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:  $60/100*6,00,000= Rs.3,60,000$

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

## **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
<b>TOTAL</b>	<b>: <u>Rs.1,84,74,000</u></b>

## 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
<b>TOTAL</b>	<b>: Rs.1,84,74,000</b>

## Statement of Working Capital Requirement:

At 60% utilization in the first year, the total working capital needs shall be as under:

SL. NO.	PARTICULARS	% OF MARGIN	HOLDING PERIOD	TOTAL INVESTMENT	MPBF	OWN CONTRIBUTION
	<b>(A) CURRENT ASSETS</b>					
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
<b>GROSS WORKING CAPITAL</b>				<b>37,24,000</b>	<b>27,94,000</b>	<b>9,30,000</b>
	<b>(B) CURRENT LIABILITIES</b>					
5	(A) CREDITORS	25%	1 MONTH OF COST	10,50,000	7,88,000	2,62,000
	<b>NET WORKING CAPITAL</b>			<b>26,74,000</b>	<b>20,06,000</b>	<b>6,68,000</b>

## **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 WDV 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)

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

**#ASSUME TAX RATE @ 30%**

(Rs. IN LAKHS)

<b>PROJECTED FUND FLOW STATEMENT</b>		
<b>Particulars</b>	<b>1st yr.</b>	<b>2nd yr.</b>
<b>A. Sources of Funds:</b>		
- 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
<b>Total</b>	<b>216.12</b>	<b>209.89</b>
<b>B. Application of Funds</b>		
- 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
<b>Total</b>	<b>188.22</b>	<b>169.16</b>
<b>Cash balance</b>	<b>27.9</b>	<b>40.73</b>



(RS. IN LAKHS)

**PROJECTED BALANCE SHEET**

<b>PROJECTED BALANCE SHEET</b>				
<b>Particulars</b>		<b>1st yr.</b>		<b>2nd yr.</b>
<b>A. Liabilities:</b>				
<b>Shareholder Fund</b>				
- Own Investment		60.03		60.03
- Credit Balance of P\L appropriation A/C		6.13		16.11
<b>Loan</b>				
- 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
<b>Total</b>		<b>177.39</b>		<b>175.64</b>
<b>B. Assets:</b>				
Fixed Asset	127.5		104.25	
Less:Depreciation	23.25		18.77	
		104.25		85.23
<b>Current Asset</b>				
- 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
<b>Miscellaneous Expanse</b>				
- Preliminary & Pre-operative Exp	10		8	
Less : Return	2		2	
		8		6
<b>Total</b>		<b>177.39</b>		<b>175.64</b>

## 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. ABC Company, New Delhi
2. RM Works, Mumbai
3. MB (I) Ltd, New Delhi
4. ATS Pvt. Ltd., Patna.
5. Soma Ent. (India) Pvt. Ltd., West Bengal.

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