

1 INSTANT PICKLE

1.1 Introduction

Pickling is the process by which fresh fruits and vegetables are preserved and with the addition of salt, chilly and spices, a tasty preparation known as "Pickles" is made. Pickles are also good appetizers and digestive agents. There are several varieties of pickles and they are consumed throughout the year by people from all walks of life. Unimaginable quantities of pickles are consumed round the year. On an average, each family consumes about 2 kgs of pickles every year.

1.2 Objective

The primary objective of the model report is to facilitate the entrepreneurs in understanding the importance of setting up unit of instant pickles. This model report will serve as guidance to the entrepreneurs on starting up such a new project and basic technical knowledge for setting up such a facility.

1.3 Raw Material Availability

The major raw material required is fresh eggs and the daily requirement is 20,000. Prior confirmed arrangements for this quantity are necessary. In the year 2003-04 the total egg production in the state of MP is 8962 lakh numbers.

1.4 Market Opportunities

This is a comparatively new concept and the promoters should have the required background and expertise. Marketing would involve selling of concept at least initially. Proper market research has to be carried out before finalising the project.

1.5 Project Description

1.5.1 Applications

This concept would appeal to many consumers especially the urban and semi-urban middle, upper middle class and rich families. Apart from neat and clean product and hassle-free packing, the consumers can have different varieties at different times without bothering about storage of many varieties of ready pickles. Restaurants, small eateries and road-side dhabas would also prefer it as they need not store their requirements for a longer period, savings in investments and storage space and cleanliness. Thus, product would certainly appeal to certain segments of consumers and they need to be approached for market analysis. Initial publicity and placement of products must be planned systematically. A combination of consumer packing and bulk packing may also be thought of.

Instant pickle mix is a dry mix which can be converted to pickle with the addition of water and edible oil in the required quantity in about 8-9 hours. Thus, this product is easy to pack, handle and transport.

1.5.2 Availability of know how and compliances

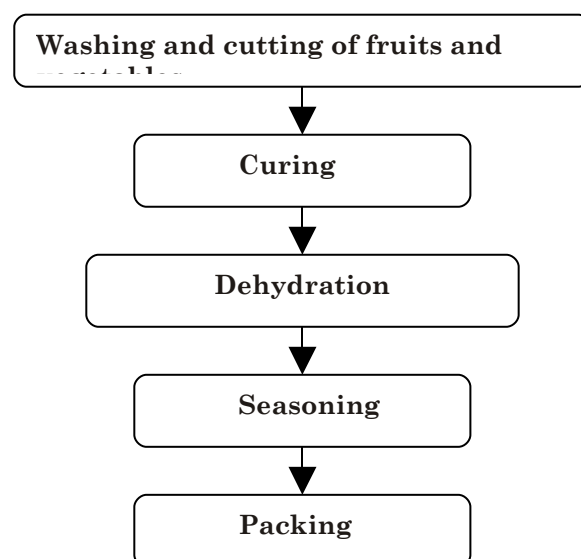
Sensing this potential, CFTRI has successfully developed and standardized a process of making instant pickle mixes. With addition of oil and water, fresh pickles can be made from these mixes. CFTRI, Mysore, has developed the know-how. The quality standard as specified by BIS is IS 3500/01:1966. Certification under the FPO and PFA Act is necessary.

1.5.3 Capacity of Plant

The capacity of the unit is 50 Mt per annum

1.5.4 Manufacturing Process

Fully grown and fresh raw mangoes, lemons and other fruits and vegetables are washed in water and then cut into the required sizes. Then they are cured by brining them for about 7-8 hours and are dehydrated in dryer. Simultaneously dry spices like red chillies, turmeric, mustard etc. are grounded separately and are mixed with cured and dried pieces of mangoes, lemons or other fruits and vegetables. Finally, they are packed in polythene bags as per predetermined quantity (sales-mix) and sealed. Weight loss due to dehydration would be in the range of 10% to 15%. The consumer has to soak this dry mix with the suggested quantity of water and oil for around 8 hours and the pickle is ready. The process flow chart is as under:



1.6 Project component and cost

Major components of the projects and their costs are described in the table hereunder:

Particulars	Unit	Qty	Cost/unit	Total
LAND & BUILDING				3.50
Land	SqM	100	250.00	0.25
Land Development				
Land Area		100	500.00	0.50
Building				
Production Block				
Buildup Area	SqM	50	5,000.00	2.50
Contingencies		10%		0.25
PLANT & MACHINERY				2.58
Tray Drier		1	100,000.00	1.00
Spice grinding machine		1	50,000.00	0.50
Frying pans and other misc items	LS	1	30,000.00	0.30
Weighing scales etc	LS	1	35,000.00	0.35
Contingencies		20%		0.43
MISCELLANEOUS FIXED ASSETS				0.96
Misc Assets	LS	1	80,000	0.80
Contingencies		20%		0.16
PRE-OPERATIVE EXPENSES				1.17
Establishment		1	27,000	0.27
Interest etc		1	30,000	0.30
Security Deposits		1	60,000	0.60
TOTAL				8.21

1.7 Plant and Machinery

The cost of the above mentioned machineries would be around Rs. 2.58 lakhs.

1.8 Building

The main production block will cost around Rs. 2.25 lakhs.

1.9 Miscellaneous Assets

A provision of Rs. Rs. 96000/- lakhs would take care of all the requirements.

1.10 Preliminary & Pre-operative Expenses

A provision of Rs. 1.17 lakhs would take care of pre-production expenses like establishment, professional charges, security deposits etc.

1.11 Working Capital Assessment

ITEMS	Year 1	Year 3	Year 5
STOCK OF RAW MATERIAL & PACKING MATERIAL	2.09	2.51	2.51
SUNDRY DEBTORS	6.14	7.36	7.36
TOTAL	8.23	9.88	9.88
MARGIN	2.06	2.47	2.47
MPBF	6.17	7.41	7.41
INTEREST ON WC	0.68	0.81	0.81

1.12 Means of Finance

EQUITY CAPITAL			25.00%	2.57
MOFPI SUBSIDY	25%	50.00	25.00%	2.57
TERM LOAN				
FINANANCIAL INSTITUTIONS		10.00%	50.00%	5.13
-Payable half yearly Installments	10	0.50		
TOTAL			100%	10.27

1.13 Cash flow statement

PARTICULARS	Year 1	Year 3	Year 5	Year 7
SOURCES OF FUNDS				
EQUITY CAPITAL	-	-	-	-
SUBSIDY				
NET PROFIT	1.33	2.39	1.94	1.46
(INTEREST ADDED BACK)				
DEPRECIATION	0.44	0.44	0.44	0.44
PRELIMINARY EXP.W/O	0.17	0.17	0.17	0.17
INCREASE IN TERM LOAN	-	-	-	-
INCREASE IN BANK BORROWINGS-WC	6.17	0.41	-	-
TOTAL	8.11	3.41	2.55	2.07

1.14 Projected balance sheet

PARTICULARS	Year 1	Year 3	Year 5	Year 7
LIABILITIES				
EQUITY CAPITAL	2.57	2.57	2.57	2.57
RESERVES & SURPLUS	2.71	4.83	6.99	8.56
TERM LOAN	4.63	2.63	0.63	-
BANK BORROWINGS-WC	6.17	7.41	7.41	7.41
TOTAL	16.08	17.43	17.60	18.54

1.15 Profitability

Particulars	Year 1	Year 3	Year 5	Year 7
INCOME	22.50	27.00	27.00	27.00
EXPENDITURE	20.56	24.00	24.45	24.93
VARIABLE	14.35	16.91	16.77	16.63
FIXED	6.22	7.09	7.68	8.29
GROSS PROFIT	1.94	3.00	2.55	2.07
PROFIT BEFORE TAX	0.14	1.24	0.99	0.65
RETAINED PROFIT	0.14	1.24	0.99	0.65

1.16 Key Indicators

NET PRESENT VALUE at current Inflation (Rs. in lakhs)	12.39
INTERNAL RATE OF RETURN %	29.43
AVERAGE DSCR	1.41
BREAK EVEN POINT %	93.73
PAY BACK PERIOD (YEARS)	4.98

1.17 Manpower Requirement

PARTICULARS	NO.
ADMN STAFF	1
WORKERS	
PRODUCTION SUPERVISOR	1
SKILLED WORKERS	2
HELPERS	2
SALESMAN	1

1.18 Assumptions

Project & Financing			
Contingencies on Building			10%
Contingencies on Equipment			20%
Term Loan			50%
Rate of Interest on Term Loan			10%
Subsidy Considered	Subject to ceiling		25%
Expected time of Installation	Months		2
Moratorium	Months		6
CAPACITY			
Rated Capacity Per Annum	100% of Installed capacity	TPA	50
Number of Operational Days	DAYS		330
Working Hours Per day	Hrs		16
CAPACITY UTILIZATION			
Year I			75%
Year II			85%
Year III			90%
SALES PRICE			
W S Price			60000
OTHER EXPENSE			
Commission			10.0%
Marketing Expenses			2.5%
POWER			
Connected Load	HP		15
DEPRICIATION AS PER COMPANY'S ACT			
BUILDING			3.34%
PLANT & MACHINERY			10.34%
MISC. FIXED ASSETS			7.07%
LAND & SITE DEVELOPMENT			1.63%
MAINTENANCE			
BUILDING			1.00%
PLANT & MACHINERY			3.00%
MISC. FIXED ASSETS			2.00%
LAND & SITE DEVELOPMENT			1.00%

The actual cost of project may deviate on change of any of the assumptions.