

# UP MSME 1-Connect

## PROJECT REPORT

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**PROJECT:**

Banana Chips Manufacturing unit

# **PROJECT REPORT**

**Of**

# **BANANA CHIPS**

## **PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Banana Chips Manufacturing 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.]

**PROJECT AT A GLANCE**

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **BANANA CHIPS**
- 6 Name of the project / business activity proposed : **BANANA CHIPS MANUFACTURING UNIT**
- 7 Cost of Project : Rs.14.62 Lakhs
- 8 Means of Finance
- Term Loan Rs.9 Lakhs
- Own Capital Rs.1.46 Lakhs
- Working Capital Rs.4.16 Lakhs
- 9 Debt Service Coverage Ratio : 3.55
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 39%
- 13 Employment : 10 Persons
- 14 Power Requirement : 8.00 HP
- 15 Major Raw materials : Raw Banana, Cooking oil, Salt, spices and packing material etc.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 80.75 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	9.00
Furniture & Fixtures	1.00
Working Capital	4.62
<b>Total</b>	<b>14.62</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.46
Working Capital(Finance)	4.16
Term Loan	9.00
<b>Total</b>	<b>14.62</b>

# **BANANA CHIPS MAKING UNIT**

## **Introduction:**

Banana is the second most significant natural product harvest of India close to mango. It is accessible round the year and due as it would prefer, nutritive and the rape tic worth. It is most loved product of all classes of individuals. It is a rich wellspring of sugar and nutrients especially nutrient B. Banana assists with diminishing the danger of heart illnesses. Banana is a famous organic product because of its low cost and high nutritive worth. Banana contains about 20% sugar and sensible measure of Vitamins A, B and C. This is considered to be a rich source producing food. It is consumed in several forms and among many worth added arrangements, Banana Chips is viewed as the main thing. Seared banana chips are typically delivered from under-ready banana cuts southern style in sunflower oil or coconut oil. These chips are dry (like potato chips), contain about 4% water (table), and can be salted, spiced, glossed over or jaggery covered. Some of the time banana enhancing is added. In the event that ready bananas are utilized, they come out sleek. They are utilized for sweets, not for dry chips. Chips are the most well-known assortment of snacks on different events. Other than being pungent, zesty or enhanced, shopper inclination is consistently for new quality. Potato and banana chips are mainstream prepared food things bringing about generous worth expansion.

The banana industry is an important part of the global industrial agro business. Most bananas go into export and international trade for consumption in Western countries. Bananas are developed for a huge scope in the area and this makes it feasible for related/comparative ventures to prosper here. The food handling units produce an assortment of things including banana chips, excellence items, toiletries and so forth These units give immediate just as backhanded work to countless individuals. The preparing of these ventures incorporates developing the natural product, yet additionally the bundling, handling, and transportation of the items straightforwardly from the ranch to overall business sectors. The prominence of nibble food sources is developing high step by step and Potato and Banana Chips have arisen as a potential nibble food.



### **Uses & Market Potential:**

Banana chips are the prepared to-eat mainstream food thing made of crude banana in both sweet and salt-zesty flavor.

Banana is one of major and financially significant organic product yields of India. Banana involves 20% of the region among the complete zone under yield in India. The low estimated Kaushambi banana may discover its way into nation's fare bushel. The Agricultural and Processed Food Products Export Development Authority (APEDA) of the association government has consented to set up an aging place at Mandi Samiti premises in Kaushambi.

Fundamentally, chips are the prepared to-eat famous food thing. It goes under the FMCG section. Like the potato chips, the interest for good quality banana chips is expanding particularly in the metropolitan regions. Additionally, the modest communities and rural areas are the developing business sector for banana chips.

Generally, people consume banana wafers as a snack food. In India, Tamil Nadu, Maharashtra, Andhra Pradesh, Gujarat, Bihar, and Karnataka are the major banana producing states. As the shelf life of a ripe banana is very low, it is an excellent item for preservation too.

The snack food market in India is reported to be growing at 7-8% annually. The conventional banana chips industry worth around 750 crores. Despite rivalry from marked potato contributes the market, neighborhood banana chips industry has overhauled their item by utilizing appealing bundling and expanding the assortment of flavors, to draw in more buyer and involve more piece of the pie.

### **Product:**

BANANA CHIPS

### **Raw Material:**

1. Raw Bananas
2. Cooking Oil
3. Salt
4. Spices
5. Packing Material

### **Manufacturing Process:**

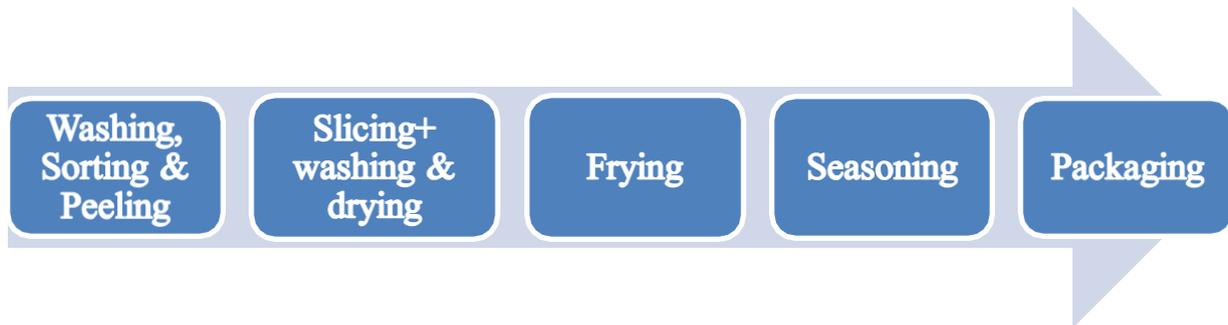


Fig. 1 – Process Flowchart

### **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 1000-1200Sqft

### **Cost of Machines:**

<b>S No.</b>	<b>Machine</b>	<b>Unit</b>	<b>Price (INR)</b>
1.	Washing Tank	1	2,00,000/-
2.	Slicing Machine	1	30,000/-
3.	Hydro Extractor	1	40,000/-
4.	Batch Fryer	1	2,70,000/-
5.	De-oiling Machine	1	1,30,000/-
6.	Spice Coting Machine	1	50,000/-
7.	Packaging Machine	1	1,40,000/-
8.	Other Tools & Equipments		40,000/-
	<b>Total</b>		<b>9,00,000/-</b>

**Power Requirement-** - The estimated Power requirement is taken at 8 HP

**Manpower Requirement-** Following manpower is required:

- Machine operator-3
- Skilled/unskilled worker-2
- Helpers-3
- Manager cum Accountant-1
- Sales Personnel-1

# **FINANCIALS**

**PROJECTED BALANCE SHEET**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
<b><u>Capital Account</u></b>					
Opening Balance	-	1.32	2.80	4.39	6.08
Add: Additions	1.46	-	-	-	-
Add: Net Profit	4.96	5.98	6.79	7.59	8.49
Less: Drawings	5.10	4.50	5.20	5.90	6.60
<b>Closing Balance</b>	<b>1.32</b>	<b>2.80</b>	<b>4.39</b>	<b>6.08</b>	<b>7.97</b>
CC Limit	4.16	4.16	4.16	4.16	4.16
Term Loan	8.00	6.00	4.00	2.00	-
Sundry Creditors	1.49	1.64	1.80	1.96	2.12
<b>TOTAL :</b>	<b>14.96</b>	<b>14.59</b>	<b>14.34</b>	<b>14.19</b>	<b>14.25</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	10.00	10.00	10.00	10.00	10.00
Gross Dep.	1.45	2.69	3.74	4.65	5.42
Net Fixed Assets	8.55	7.31	6.26	5.35	4.58
<b>Current Assets</b>					
Sundry Debtors	2.57	3.00	3.33	3.67	4.04
Stock in Hand	3.54	3.91	4.30	4.71	5.14
Cash and Bank	0.31	0.37	0.46	0.46	0.49
<b>TOTAL :</b>	<b>14.96</b>	<b>14.59</b>	<b>14.34</b>	<b>14.19</b>	<b>14.25</b>
	-	-	-	-	-

**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	51.30	60.02	66.54	73.33	80.75
<b>Total (A)</b>	<b>51.30</b>	<b>60.02</b>	<b>66.54</b>	<b>73.33</b>	<b>80.75</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	29.70	32.76	35.91	39.15	42.48
Electricity Expenses	1.07	1.16	1.25	1.34	1.43
Repair & Maintenance	0.77	0.90	1.20	1.32	1.45
Labour & Wages	8.13	9.35	10.75	12.36	14.21
Depreciation	1.45	1.24	1.06	0.90	0.77
<b>Cost of Production</b>	<b>41.12</b>	<b>45.41</b>	<b>50.17</b>	<b>55.07</b>	<b>60.35</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>2.06</b>	<b>2.27</b>	<b>2.51</b>	<b>2.75</b>
<b>Less: Closing Stock /WIP</b>	<b>2.06</b>	<b>2.27</b>	<b>2.51</b>	<b>2.75</b>	<b>3.02</b>
Cost of Sales (B)	39.06	45.19	49.93	54.83	60.09
<b>C) GROSS PROFIT (A-B)</b>	<b>12.24</b>	<b>14.83</b>	<b>16.61</b>	<b>18.50</b>	<b>20.66</b>
	<b>23.85%</b>	<b>24.71%</b>	<b>24.97%</b>	<b>25.23%</b>	<b>25.59%</b>
D) Bank Interest i) (Term Loan )	0.98	0.80	0.58	0.36	0.14
ii) Interest On Working Capital	0.46	0.46	0.46	0.46	0.46
E) Salary to Staff	4.16	4.78	5.50	6.32	7.27
F) Selling & Adm Expenses Exp.	1.54	2.40	2.66	2.93	3.23
<b>G) TOTAL (D+E+F)</b>	<b>7.13</b>	<b>8.44</b>	<b>9.20</b>	<b>10.07</b>	<b>11.10</b>
<b>H) NET PROFIT</b>	<b>5.10</b>	<b>6.39</b>	<b>7.42</b>	<b>8.43</b>	<b>9.56</b>
	<b>10.0%</b>	<b>10.6%</b>	<b>11.1%</b>	<b>11.5%</b>	<b>11.8%</b>
I) Taxation	0.15	0.41	0.63	0.84	1.07
<b>J) PROFIT (After Tax)</b>	<b>4.96</b>	<b>5.98</b>	<b>6.79</b>	<b>7.59</b>	<b>8.49</b>

**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	1.46	-	-	-	-
Reserve & Surplus	5.10	6.39	7.42	8.43	9.56
Depreciation & Exp. W/off	1.45	1.24	1.06	0.90	0.77
Increase In Cash Credit	4.16	-	-	-	-
Increase In Term Loan	9.00	-	-	-	-
Increase in Creditors	1.49	0.15	0.16	0.16	0.17
<b>TOTAL :</b>	<b>22.66</b>	<b>7.78</b>	<b>8.63</b>	<b>9.49</b>	<b>10.50</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	10.00	-	-	-	-
Increase in Stock	3.54	0.37	0.40	0.41	0.43
Increase in Debtors	2.57	0.44	0.33	0.34	0.37
Repayment of Term Loan	1.00	2.00	2.00	2.00	2.00
Taxation	0.15	0.41	0.63	0.84	1.07
Drawings	5.10	4.50	5.20	5.90	6.60
<b>TOTAL :</b>	<b>22.35</b>	<b>7.72</b>	<b>8.55</b>	<b>9.48</b>	<b>10.48</b>
Opening Cash & Bank Balance	-	0.31	0.37	0.46	0.46
Add : Surplus	0.31	0.06	0.08	0.01	0.02
Closing Cash & Bank Balance	<b>0.31</b>	<b>0.37</b>	<b>0.46</b>	<b>0.46</b>	<b>0.49</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(15 Days requirement)	2.06	2.27	2.51	2.75	3.02
<b><u>Raw Material</u></b>					
(15 Days requirement)	1.49	1.64	1.80	1.96	2.12
<b>Closing Stock</b>	<b>3.54</b>	<b>3.91</b>	<b>4.30</b>	<b>4.71</b>	<b>5.14</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	3.54		
Less:			
Sundry Creditors	1.49		
<b>Paid Stock</b>	<b>2.06</b>	<b>0.21</b>	<b>1.85</b>
Sundry Debtors	2.57	0.26	2.31
<b>Working Capital Requirement</b>			<b>4.16</b>
<b>Margin</b>			0.46
<b>MPBF</b>			<b>4.16</b>
<b>Working Capital Demand</b>			<b>4.16</b>

<b>REPAYMENT SCHEDULE OF TERM LOAN</b>							11.0%
<b>Year</b>	<b>Particulars</b>	<b>Amount</b>	<b>Addition</b>	<b>Total</b>	<b>Interest</b>	<b>Repayment</b>	<b>CI Balance</b>
<b>I</b>	Opening Balance						
	Ist Quarter	-	9.00	9.00	0.25	-	9.00
	Iind Quarter	9.00	-	9.00	0.25	-	9.00
	IIIrd Quarter	9.00	-	9.00	0.25	0.50	8.50
	Ivth Quarter	8.50	-	8.50	0.23	0.50	8.00
					0.98	1.00	
<b>II</b>	Opening Balance						
	Ist Quarter	8.00	-	8.00	0.22	0.50	7.50
	Iind Quarter	7.50	-	7.50	0.21	0.50	7.00
	IIIrd Quarter	7.00	-	7.00	0.19	0.50	6.50
	Ivth Quarter	6.50		6.50	0.18	0.50	6.00
					0.80	2.00	
<b>III</b>	Opening Balance						
	Ist Quarter	6.00	-	6.00	0.17	0.50	5.50
	Iind Quarter	5.50	-	5.50	0.15	0.50	5.00
	IIIrd Quarter	5.00	-	5.00	0.14	0.50	4.50
	Ivth Quarter	4.50		4.50	0.12	0.50	4.00
					0.58	2.00	
<b>IV</b>	Opening Balance						
	Ist Quarter	4.00	-	4.00	0.11	0.50	3.50
	Iind Quarter	3.50	-	3.50	0.10	0.50	3.00
	IIIrd Quarter	3.00	-	3.00	0.08	0.50	2.50
	Ivth Quarter	2.50		2.50	0.07	0.50	2.00
					0.36	2.00	
<b>V</b>	Opening Balance						
	Ist Quarter	2.00	-	2.00	0.06	0.50	1.50
	Iind Quarter	1.50	-	1.50	0.04	0.50	1.00
	IIIrd Quarter	1.00	-	1.00	0.03	0.50	0.50
	Ivth Quarter	0.50		0.50	0.01	0.50	-
					0.14	2.00	
Door to Door Period		60	Months				
Moratorium Period		6	Months				
Repayment Period		54	Months				

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	6.41	7.22	7.85	8.49	9.26
Interest on Term Loan	0.98	0.80	0.58	0.36	0.14
Total	7.38	8.01	8.42	8.85	9.40
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.00	2.00	2.00	2.00	2.00
Interest on Term Loan	0.98	0.80	0.58	0.36	0.14
Total	1.98	2.80	2.58	2.36	2.14
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>3.74</b>	<b>2.86</b>	<b>3.27</b>	<b>3.75</b>	<b>4.40</b>
<b>AVERAGE D.S.C.R.</b>			<b>3.55</b>		

**Assumptions:**

1. Production Capacity of Banana Chips unit is taken at 150 KG per day. First year, Capacity has been taken @ 60%.
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 6 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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