

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

DRY FLOWERS

PROJECT REPORT

Of

DRY FLOWERS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Dry flowers 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 GLANCE

1 Name of Proprietor/Director	XXXXXXXXXX
2 Firm Name	XXXXXXXXXX
3 Registered Address	XXXXXXXXXX
4 Nature of Activity	XXXXXXXXXX
5 Category of Applicant	XXXXXXXXXX
6 Location of Unit	XXXXXXXXXX
7 Cost of Project	22.02 Rs. In Lakhs
8 Means of Finance	
i) Own Contribution	2.20 Rs. In Lakhs
ii) Term Loan	13.68 Rs. In Lakhs
iii) Working Capital	6.14 Rs. In Lakhs
9 Debt Service Coverage Ratio	3.19
10 Break Even Point	36%
11 Power Requirement	25 KW
12 Employment	10 Persons

13 Major Raw Materials

Cotton skins, pine
flowers, dry chillies, dry
bottle gourd, grass, tree
jasmine, everlasting
flower, asparagus
leaves, fern leaves etc.

14 Details of Cost of Project & Means of Finance

Cost of Project		Amount in Lacs
Particulars		Amount
Land and building	Owned/Leased	
Plant & Machinery		14.20
Furniture & Fixture		-
Other Misc Assets		1.00
Working Capital Requirement		6.82
Total		22.02
Means of Finance		
Particulars		Amount
Own Contribution		2.20
Term Loan		13.68
Working capital Loan		6.14
Total		22.02

1. INTRODUCTION



Horticulture particularly floriculture is a sunrise industry. Fresh flowers are perishable in nature so dried that flower product can add value so that the different product like wall hanging, greeting card, potpourri etc can be prepared. Dry flower constitutes more than two third of the total floriculture export. Dry flowers refer to dried or dehydrated flowers or plant part or botanicals (roots, leaves, stem, bark or whole plant) that can be used for ornamental purposes. Dried flowers are also known as everlasting flowers or dehydrated flowers. Flowers near to the natural, preserved and proceed, having beauty as well as an everlasting value. Dry flower is cherished throughout the year for any occasion. Dried flowers are characterized by having a longer duration than natural flowers. Natural flowers that have undergone a dehydration process to remove all the water.

2. PRODUCT DESCRIPTION

2.1 PRODUCT USES

- Dry flower are used as a decorative purpose in the greeting card by pasting on the front .
 - Dry flower is used in the manufacturing of body care product.
 - Dry flower is used as a flavour changing in gradient during the manufacturing of sweet.
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- Potpourri is a mixture of dried flower used to provide a natural scent in the residential setting.
- Dry flower is used to make handmade paper, lampshade, candle holder, jute bag, photo frame and several gifts.
- Dry flower is excellent gift item for anyone who has an eye for beauty.

2.2 MANUFACTURING PROCESS

This process can be broken down into the following steps-

Raw material procurement

Production Process

Raw Material Procurement

Procurement is the connection process of purchasing and arranging in bound movement of all items, supplies, materials, parts, finished inventory and general support services from the suppliers into manufacturing process or assembly plants or warehouses.

Production Process

Steps involved in the manufacturing of Dry Flower Manufacturing unit

- **Harvesting of Materials for Drying:** Flowers and foliage should be collected from the field, one or two days after irrigation. The collected flowers should be free from surface moisture and dew. It is better to collect the material in the dry season on a sunny day.
- **Moisture Retention after Drying:** Moisture retention in the flowers after drying influences flower shape & lower moisture content provides rigidity and results in uniform cell contraction in the flowers while the higher moisture content in dried flowers lead to flaccid flower.

- **Methods of Drying:** Drying is generally done under artificially produced heat and controlled temperature, humidity and airflow. The removal of water from fresh flowers and plant parts, optimum temperature. The various drying process used to remove moisture from the flowers. The various drying methods are –Air, Sun, Water and Press.
- **Embedding:** The flowers are dried in an embedding technique to eliminate flower petal shrinking. The flowers or leaves are embedded in a drying medium, namely, silica gel or borax or white sand depending upon the plant material. Embedding in silica gel is perhaps the easiest and the best method of embedded drying of flowers.
- **Preservative Technique:** Bleaching and sulphuring are the preservative method are preservative technique. Bleaching is used to preserve flowers with their natural colour is essential to improve the colour of the product by adding dyes. Sulphuring method is used to prevent enzymatic colour change.
- **Packaging:** The packaging of the dried flower requires proper attention on the process so that customer get standard quality of products.

3. PROJECT COMPONENTS

3.1 Land & Building

The land required for this manufacturing unit will be approx. around 1000 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.15,000 per month.

- Workshop Area- This area includes the setup and foundation space for all equipment's, work floor area, etc. Total workshop area is approx.500 Sqft.
 - Inventory Area- This area includes the storage space for all the raw materials and finished goods. Total inventory area is approx. 300 Sqft.
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- Office Area – This space includes staff working region, their accommodation space. Total

workshop area is approx. 100 Sqft. This may be considered above the ground floor.

- Parking Space, Electric Mounting Space, and Others. This could be approx. 100 Sqft.

Land and building requirement may vary depending on the size of project.

3.2 **Plant & Machinery**

- **Flower and stem cleaning machine:** The flower cleaning machine are used to remove some minor dust and some unwanted part which are left during harvesting of flower.



- **Flower drying machine:** The flower drying machine are used to remove residual moisture present in the harvested flower.



- **Flower Bleaching machine:** Bleaching machine provides a striking contrast with dried or dyed flowers & also allows the use of dyes for colouring.



Packaging machine: The required quantity of dry flower is to be packaged to preserve its quality.



Machine	Quantity	Price
Flower cleaning machine	1	20,000
Steel drying machine	1	3,00,000
Bleaching Machine	1	8,00,000
Flower packaging machine	1	3,00,000
TOTAL		14,20,000

Note: Total Machinery cost shall be Rs 14.20 lakhs (Approx.) including GST and Transportation Cost.

4 LICENSE & APPROVALS

Basic registration required in this project:

- MSME Udyam registration
- GST registration
- NOC for fire safety board and from Pollution Control Board
- Trade License
- Factory License (Optional)
- BIS certification
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Projected Profitability

<u>PROJECTED PROFITABILITY STATEMENT</u>					
(in Lacs)					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	55%	60%	65%	70%	75%
<u>SALES</u>					
Gross Sale					
Dry Flower	79.75	94.42	107.36	121.51	136.95
Total	79.75	94.42	107.36	121.51	136.95
<u>COST OF SALES</u>					
Raw Material Consumed	56.10	64.44	73.32	82.74	93.15
Electricity Expenses	2.64	2.88	3.12	3.36	3.60
Depreciation	2.28	1.94	1.65	1.40	1.19
Wages & labour	5.76	7.03	8.36	9.87	11.05
Repair & maintenance	0.88	1.04	1.07	1.22	1.37
Packaging	0.40	0.47	0.54	0.61	0.68
Cost of Production	68.06	77.80	88.06	99.19	111.05
Add: Opening Stock	-	2.27	2.59	2.94	3.31
Less: Closing Stock	2.27	2.59	2.94	3.31	3.70
Cost of Sales	65.79	77.47	87.72	98.82	110.65
GROSS PROFIT	13.96	16.95	19.65	22.69	26.29
	17.51%	17.95%	18.30%	18.67%	19.20%
Salary to Staff	4.14	4.89	5.28	5.54	6.65
Interest on Term Loan	1.34	1.18	0.85	0.52	0.18
Interest on working Capital	0.67	0.67	0.67	0.67	0.67
Rent	1.80	2.07	2.38	2.74	3.15
Selling & Administrative Exp.	0.80	0.94	1.07	1.22	1.37
TOTAL	8.76	9.76	10.25	10.68	12.02
NET PROFIT	5.21	7.19	9.39	12.01	14.27
	6.53%	7.61%	8.75%	9.88%	10.42%
Taxation	0.04	0.45	0.91	0.94	1.65
PROFIT (After Tax)	5.16	6.73	8.48	11.07	12.63

Projected Balance Sheet

<u>PROJECTED BALANCE SHEET</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		3.66	6.40	9.22	12.29
Add:- Own Capital	2.20				
Add:- Retained Profit	5.16	6.73	8.48	11.07	12.63
Less:- Drawings	3.70	4.00	5.65	8.00	9.50
Closing Balance	3.66	6.40	9.22	12.29	15.42
Term Loan	12.16	9.12	6.08	3.04	-
Working Capital Limit	6.14	6.14	6.14	6.14	6.14
Sundry Creditors	1.31	1.50	1.71	1.93	2.17
Provisions & Other Liability	0.40	0.48	0.58	0.80	0.96
TOTAL :	23.67	23.64	23.73	24.20	24.69
<u>Assets</u>					
Fixed Assets (Gross)					
	15.20	15.20	15.20	15.20	15.20
Gross Dep.	2.28	4.22	5.87	7.27	8.46
Net Fixed Assets	12.92	10.98	9.33	7.93	6.74
Current Assets					
Sundry Debtors	3.99	4.72	5.37	6.08	6.85
Stock in Hand	4.14	4.74	5.38	6.06	6.81
Cash and Bank	0.12	0.19	0.14	0.13	0.19
Loans & Advances /Other Current Assets	2.50	3.00	3.50	4.00	4.10
TOTAL :	23.67	23.64	23.73	24.20	24.69

Projected Cash Flow Statement

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.20				
Net Profit	5.21	7.19	9.39	12.01	14.27
Depreciation & Exp. W/off	2.28	1.94	1.65	1.40	1.19
Increase in Cash Credit	6.14	-	-	-	-
Increase In Term Loan	13.68	-	-	-	-
Increase in Creditors	1.31	0.19	0.21	0.22	0.24
Increase in Provisions & Oth liabilities	0.40	0.08	0.10	0.22	0.16
-	-				
TOTAL :	31.21	9.40	11.34	13.85	15.87
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.20				
Increase in Stock	4.14	0.60	0.64	0.69	0.74
Increase in Debtors	3.99	0.73	0.65	0.71	0.77
Repayment of Term Loan	1.52	3.04	3.04	3.04	3.04
Loans & Advances /Other Current Assets	2.50	0.50	0.50	0.50	0.10
Drawings	3.70	4.00	5.65	8.00	9.50
Taxation	0.04	0.45	0.91	0.94	1.65
TOTAL :	31.09	9.33	11.39	13.87	15.80
Opening Cash & Bank Balance	-	0.12	0.19	0.14	0.13
Add : Surplus	0.12	0.07	(0.05)	(0.02)	0.07
Closing Cash & Bank Balance	0.12	0.19	0.14	0.13	0.19

DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	7.44	8.67	10.13	12.47	13.82
Interest on Term Loan	1.34	1.18	0.85	0.52	0.18
Total	8.79	9.85	10.97	12.99	14.00
REPAYMENT					
Instalment of Term Loan	1.52	3.04	3.04	3.04	3.04
Interest on Term Loan	1.34	1.18	0.85	0.52	0.18
Total	2.86	4.22	3.89	3.56	3.22
DEBT SERVICE COVERAGE RATIO	3.07	2.33	2.82	3.65	4.35
AVERAGE D.S.C.R.	3.19				

Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
Interest						11.00%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	13.68	13.68	-	-	13.68
	2nd month	13.68	-	13.68	0.13	-	13.68
	3rd month	13.68	-	13.68	0.13	-	13.68
	4th month	13.68	-	13.68	0.13		13.68
	5th month	13.68	-	13.68	0.13		13.68
	6th month	13.68	-	13.68	0.13		13.68
	7th month	13.68	-	13.68	0.13	0.25	13.43
	8th month	13.43	-	13.43	0.12	0.25	13.17
	9th month	13.17	-	13.17	0.12	0.25	12.92
	10th month	12.92	-	12.92	0.12	0.25	12.67
	11th month	12.67	-	12.67	0.12	0.25	12.41
	12th month	12.41	-	12.41	0.11	0.25	12.16
					1.34	1.52	
2nd	Opening Balance						
	1st month	12.16	-	12.16	0.11	0.25	11.91
	2nd month	11.91	-	11.91	0.11	0.25	11.65
	3rd month	11.65	-	11.65	0.11	0.25	11.40
	4th month	11.40	-	11.40	0.10	0.25	11.15
	5th month	11.15	-	11.15	0.10	0.25	10.89
	6th month	10.89	-	10.89	0.10	0.25	10.64

	7th month	10.64	-	10.64	0.10	0.25	10.39
	8th month	10.39	-	10.39	0.10	0.25	10.13
	9th month	10.13	-	10.13	0.09	0.25	9.88
	10th month	9.88	-	9.88	0.09	0.25	9.63
	11th month	9.63	-	9.63	0.09	0.25	9.37
	12th month	9.37	-	9.37	0.09	0.25	9.12
					1.18	3.04	
3rd	Opening Balance						
	1st month	9.12	-	9.12	0.08	0.25	8.87
	2nd month	8.87	-	8.87	0.08	0.25	8.61
	3rd month	8.61	-	8.61	0.08	0.25	8.36
	4th month	8.36	-	8.36	0.08	0.25	8.11
	5th month	8.11	-	8.11	0.07	0.25	7.85
	6th month	7.85	-	7.85	0.07	0.25	7.60
	7th month	7.60	-	7.60	0.07	0.25	7.35
	8th month	7.35	-	7.35	0.07	0.25	7.09
	9th month	7.09	-	7.09	0.07	0.25	6.84
	10th month	6.84	-	6.84	0.06	0.25	6.59
	11th month	6.59	-	6.59	0.06	0.25	6.33
	12th month	6.33	-	6.33	0.06	0.25	6.08
					0.85	3.04	
4th	Opening Balance						
	1st month	6.08	-	6.08	0.06	0.25	5.83
	2nd month	5.83	-	5.83	0.05	0.25	5.57
	3rd month	5.57	-	5.57	0.05	0.25	5.32

	4th month	5.32	-	5.32	0.05	0.25	5.07
	5th month	5.07	-	5.07	0.05	0.25	4.81
	6th month	4.81	-	4.81	0.04	0.25	4.56
	7th month	4.56	-	4.56	0.04	0.25	4.31
	8th month	4.31	-	4.31	0.04	0.25	4.05
	9th month	4.05	-	4.05	0.04	0.25	3.80
	10th month	3.80	-	3.80	0.03	0.25	3.55
	11th month	3.55	-	3.55	0.03	0.25	3.29
	12th month	3.29	-	3.29	0.03	0.25	3.04
					0.52	3.04	
5th	Opening Balance						
	1st month	3.04	-	3.04	0.03	0.25	2.79
	2nd month	2.79	-	2.79	0.03	0.25	2.53
	3rd month	2.53	-	2.53	0.02	0.25	2.28
	4th month	2.28	-	2.28	0.02	0.25	2.03
	5th month	2.03	-	2.03	0.02	0.25	1.77
	6th month	1.77	-	1.77	0.02	0.25	1.52
	7th month	1.52	-	1.52	0.01	0.25	1.27
	8th month	1.27	-	1.27	0.01	0.25	1.01
	9th month	1.01	-	1.01	0.01	0.25	0.76
	10th month	0.76	-	0.76	0.01	0.25	0.51
	11th month	0.51	-	0.51	0.00	0.25	0.25
	12th month	0.25	-	0.25	0.00	0.25	-
					0.18	3.04	
	DOOR TO DOOR MORATORIUM PERIOD	60	MONTHS				
		6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

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