

1 INSTANT MIXES

1.1 Introduction

Instant mixes comprise of a mixture of processed cereals, pulses, condiments, spices or other foods in varying combinations. These are used for the preparation of various dishes, conveniently in a very short span of time. These products have found increasing favour in the recent years for the modern women.

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 mixes. 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 main requirements are Rice, dal, milk powder, sugar, spices, edible acids, salt and preservatives.

1.4 Market Opportunities

The market for instant food is steadily growing, especially among urban consumers with a host of competing brands and flavours. Burgeoning urban spread and nuclear families with double incomes point to a rapid growth potential in the sector.

1.5 Project description

1.5.1 Applications

These mixes are available already for a plethora of preparations like the traditional gulab jamun mix, jalebi mix, idli mix, dosa mix etc. More innovative and wide ranging products could be developed keeping in view the tastes and likes of the people and suited to the eating habits of the people.

Instant mixes products offer great convenience to the homemakers to prepare traditional delicacies, it is also easy to prepare since only the base dough is made available. In that way, they are different from RTE products that require only re-heating. The instant mix has six months shelf life and is free from preservatives.

1.5.2 Capacity of the Project

The rated capacity of the unit is 150 TPA.

1.5.3 Manufacturing process

The basic process stages are common for all types of instant mixes. In most cases, the ingredients are first individually roasted and the pulverized. The processed ingredients viz. the cereals, pulses condiments and spices are then mixed in predetermined recommended proportions and thereafter packed in pouches of different weights.

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 | | | | 21.00 |
| Land | SqM | 600 | 250.00 | 1.50 |
| Land Development | | | | |
| Land Area | | 600 | 500.00 | 3.00 |
| Building | | | | |
| Production Block | | | | |
| Buildup Area | SqM | 300 | 5,000.00 | 15.00 |
| Contingencies | | 10% | | 1.50 |
| PLANT & MACHINERY | | | | 19.20 |
| Plant & Machinery | LS | 1 | 1,600,000.00 | 16.00 |
| Contingencies | | 20% | | 3.20 |
| MISCELLANEOUS FIXED ASSETS | | | | 8.40 |
| Misc Assets | LS | 1 | 700,000 | 7.00 |
| Contingencies | | 20% | | 1.40 |
| PRE-OPERATIVE EXPENSES | | | | 5.08 |
| Establishment | | 1 | 297,500 | 2.98 |
| Professional Charges | | 1 | 50,000 | 0.50 |
| Security Deposits | | 1 | 160,000 | 1.60 |
| TOTAL | | | | 53.68 |

The cost of the various components will depend on the location of the project. Item wise assumptions are as under:

1.7 Plant and Machinery

Following machineries would be required in the instant mixes unit:-

- Roaster
- Micro-pulveriser
- SS storage tanks
- SS ribbon tanks
- Augur doser
- Weighing and scaling machine
- Other misc and allied equipments

The total cost for it would be around Rs. 19.20 lakhs.

1.8 Building

The main production block will cost around Rs. 16.50 lakhs. The entire building will be divided into two zones – production and storage cum packing room.

1.9 Miscellaneous Assets

A provision of Rs. 8.40 lakhs would take care of all the requirements.

1.10 Preliminary & Pre-operative Expenses

A provision of Rs. 5.08 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 | 1.75 | 2.49 | 2.49 |
| SUNDRY DEBTORS | 9.77 | 13.95 | 13.95 |
| TOTAL | 11.51 | 16.44 | 16.44 |
| MARGIN | 2.88 | 4.11 | 4.11 |
| MPBF | 8.63 | 12.33 | 12.33 |
| INTEREST ON WC | 0.95 | 1.36 | 1.36 |

1.12 Means of Finance

| | | | | |
|--|-----|--------|--------|--------------|
| EQUITY CAPITAL | | | 25.00% | 14.14 |
| MOFPI SUBSIDY | 25% | 50.00 | 25.00% | 14.14 |
| TERM LOAN | | | | |
| FINANANCIAL INSTITUTIONS | | 10.00% | 50.00% | 28.28 |
| <i>-Payable half yearly Installments</i> | 10 | 2.80 | | |
| TOTAL | | | 100% | 56.55 |

1.13 Cash flow statement

| PARTICULARS | Year 1 | Year 3 | Year 5 | Year 7 |
|--------------------------------|--------------|--------------|--------------|--------------|
| SOURCES OF FUNDS | | | | |
| EQUITY CAPITAL | - | - | - | - |
| SUBSIDY | | | | |
| NET PROFIT | 3.87 | 10.67 | 9.55 | 8.53 |
| (INTEREST ADDED BACK) | | | | |
| DEPRECIATION | 3.20 | 3.20 | 3.20 | 3.20 |
| PRELIMINARY EXP.W/O | 0.73 | 0.73 | 0.73 | 0.73 |
| INCREASE IN TERM LOAN | - | - | - | - |
| INCREASE IN BANK BORROWINGS-WC | 8.63 | 2.47 | - | - |
| TOTAL | 16.43 | 17.07 | 13.48 | 12.45 |

1.14 Projected balance sheet

| PARTICULARS | Year 1 | Year 3 | Year 5 | Year 7 |
|--------------------|--------------|--------------|--------------|--------------|
| LIABILITIES | | | | |
| EQUITY CAPITAL | 14.14 | 14.14 | 14.14 | 14.14 |
| RESERVES & SURPLUS | 14.23 | 23.92 | 38.76 | 53.45 |
| TERM LOAN | 25.48 | 14.28 | 3.08 | 0.00 |
| BANK BORROWINGS-WC | 8.63 | 12.33 | 12.33 | 12.33 |
| TOTAL | 62.47 | 64.66 | 68.31 | 79.92 |

1.15 Profitability

| Particulars | Year 1 | Year 3 | Year 5 | Year 7 |
|--------------------------|--------|--------|--------|--------|
| INCOME | 65.10 | 93.00 | 93.00 | 93.00 |
| EXPENDITURE | 57.30 | 78.40 | 79.52 | 80.55 |
| VARIABLE | 39.22 | 55.19 | 55.19 | 55.19 |
| FIXED | 18.09 | 23.21 | 24.33 | 25.35 |
| GROSS PROFIT | 7.80 | 14.60 | 13.48 | 12.45 |
| PROFIT BEFORE TAX | 0.09 | 7.47 | 7.46 | 7.17 |
| RETAINED PROFIT | 0.09 | 7.47 | 7.46 | 7.17 |

1.16 Key Indicators

| | |
|---|--------------|
| NET PRESENT VALUE at current Inflation (Rs. in lakhs) | 61.02 |
| INTERNAL RATE OF RETURN % | 24.32 |
| AVERAGE DSCR | 1.82 |
| BREAK EVEN POINT % | 81.04 |
| PAY BACK PERIOD (YEARS) | 4.80 |

1.17 Manpower Requirement

| PARTICULARS | NO. |
|--------------------------|-----|
| SUPERVISORY STAFF | |
| PRODUCTION SUPERVISOR | 1 |
| WORKERS | |
| SKILLED WORKERS | 2 |
| SEMI-SKILLED LAB OUR | 3 |
| SALESMAN | 2 |

1.18 Assumptions

| | | | |
|--------------------------------|---------------------------|-----|-------|
| Project & Financing | | | |
| Contingencies on Building | | | 10% |
| Contingencies on Equipment | | | 20% |
| Term Loan | | | 50% |
| Rate of Interest on Term Loan | | | 10% |
| CAPACITY | | | |
| Rated Capacity Per Annum | 80% of Installed capacity | TPA | 150 |
| Number of Operational Days | DAYS | | 300 |
| Working Hours Per day | Hrs | | 8 |
| Yield | | | 96% |
| CAPACITY UTILIZATION | | | |
| Year I | | | 70% |
| Year II | | | 80% |
| Year III | | | 100% |
| SALES PRICE | | | |
| W S Price | | | 62000 |
| OTHER EXPENSE | | | |

| | | |
|--|----|--------|
| Commission | | 10.0% |
| Marketing Expenses | | 2.5% |
| POWER | | |
| Connected Load | HP | 40 |
| 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 projects may deviate on change of any of the assumptions.