

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.