

1 MEAT GRAVY CONCENTRATE

1.1 Introduction

Concentrated meat gravies are a new type of convenience food. Use of such products avoids collection and preparation for individual items. These products are versatile and can be used in households or institutional feeding and also as adjunct alongwith other dishes.

The product may be offered in the canned form, which can be stored at ambient conditions for a period of 1 yr. It can also be marketed as a frozen pack. The product is primarily targeted to cater to the consumers who require the traditional taste profile and appreciate the convenience as well. Several meat recipes can be offered in the form of concentrated meat gravies.

Meat gravy concentrate falls under the category of convenience food because its use avoids collection, metering and preparation (cleaning, cutting, frying, grinding etc.) of individual items. With many non-vegetarians preferring such products, there is a constant increase in demand. Shortage of time, changing lifestyles and general preference towards overall hygiene are some other reasons for popularity of this product. The product is aimed at the sophisticated consumers who want the traditional or typical taste, have lot of pressure on time and who appreciate and are willing to pay for the convenience. Hence, location of the factory has to be close to big cities.

1.2 Objective

The primary objective of the model report is to facilitate the entrepreneurs in understanding the importance of setting up unit of meat gravy. 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 materials are whole as well as ground spices, oil, meat and salt. All of them are available as a slaughter house and spice unit is also proposed.

1.4 Market Opportunities

Convenience or instant food is the order of the day especially amongst the urban population. They are hard pressed for time and are willing to pay for good quality convenience food. Changing lifestyles and overall increase in the standard of living have witnessed substantial increase in demand for such items.

1.5 Project Description

1.5.1 Applications

Meat gravy concentrate contains all the ingredients used in traditional meat preparation. It can also be used as an adjunct along with other dishes as it contains a small quantity of meat ground to a fine paste to impart the necessary flavour. Chicken curry concentrate also has a good market potential but this note primarily deals with only meat gravy concentrate.

1.5.2 Availability of know how and compliances

CFTRI, Mysore, has successfully developed the technological know-how. Meat content up to 10% does not require any special approval. However if it goes up beyond 10% then permission under MFPO is required. Compliance under the PFA Act is mandatory.

1.5.3 Capacity of the Project

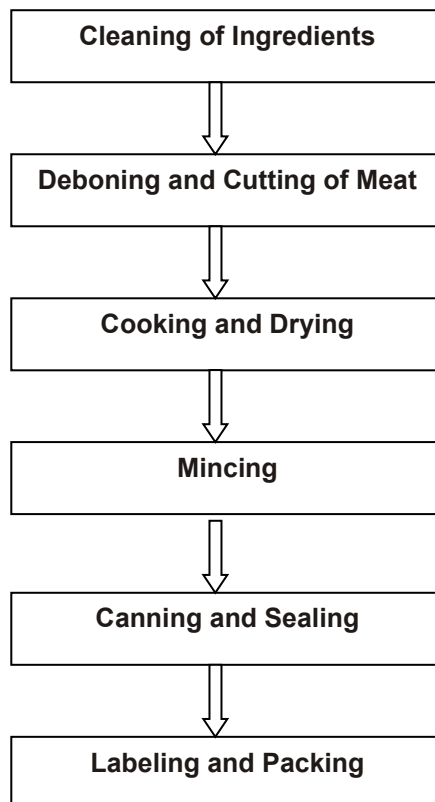
The capacity of the meat gravy unit is 211 MT per Annum.

1.5.4 Critical success factors

Meat gravy concentrate can be offered in canned form which can be stored at ambient conditions for 6 to 8 months. Apart from individual customers, it can be offered as an intermediate type of product to large scale establishments and caterers. Big restaurants, specialty restaurants, railway and flight caterers, army establishments, hostels and canteens etc. could be bulk and regular clients.

1.5.5 Manufacturing process

The process starts with cleaning and preparation of various ingredients and deboning of meat and cutting it into pieces of 6-7 cms. Then these ingredients are cooked and dried. After mincing, all the ingredients are properly mixed and pre-heated at around 80-85oC. Finally, they are filled into lacquered cans; cans are sealed and processed/sterilised at a pressure of about 15 lbs PSI for about 40-45 minutes. Cans are immediately cooled, labelled and packed. The product should have a thick free-flowing consistency with a total solid content of 35-40%. 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 | | | | 13.63 |
| Land | SqM | 500 | 250.00 | 1.25 |
| Building | | | | |
| Production Block | | | | |
| Main Production Area | SqM | 150 | 5,000.00 | 7.50 |
| Store cum packing room & Sales Counter | SqM | 75 | 5,000.00 | 3.75 |
| Contingencies | | 10% | | 1.13 |
| PLANT & MACHINERY | | | | 1.30 |
| Spice Grinder | | 1 | 650,000.00 | 6.50 |
| Mincer | | 2 | | - |
| Steam kettle | | 2 | | - |
| Roaster | | 1 | | - |
| Straight Line Exhaust box | | 1 | | - |
| Canning Retort | | 1 | | - |
| Can Reformer | | 1 | | - |
| Can Seamer | | 1 | | - |
| Mini Boiler | | 1 | | - |
| Weighing Scale | LS | 1 | | - |
| Contingencies | | 20% | | 1.30 |
| MISCELLANEOUS FIXED ASSETS | | | | 1.44 |
| Misc. Assets | LS | 1 | 120,000 | 1.20 |
| Contingencies | | 20% | | 0.24 |
| PRE-OPERATIVE EXPENSES | | | | 4.84 |
| Establishment | | 1 | 264,000 | 2.64 |
| Interest etc | | 1 | 60,000 | 0.60 |
| Security Deposits | | 1 | 160,000 | 1.60 |
| TOTAL | | | | 21.21 |

1.6.1 Building

The building development for the unit will cost around Rs. 12.38 lakhs.

1.6.2 Plant and Machinery

The total cost of the plant and machinery, as described already in the table above is Rs. 1.30 Lakhs.

1.6.3 Miscellaneous Assets

A provision of Rs. 1.44 lakhs would take care of all the requirements.

1.6.4 Preliminary & Pre-operative Expenses

A provision of Rs. 4.84 lakhs would take care of pre-production expenses like establishment, professional charges, security deposits etc.

1.7 Working capital assessment

| ITEMS | Year 1 | Year 3 | Year 5 |
|--|--------------|--------------|--------------|
| STOCK OF RAW MATERIAL & PACKING MATERIAL | 0.91 | 1.17 | 1.17 |
| SUNDRY DEBTORS | 13.96 | 17.95 | 17.95 |
| TOTAL | 14.87 | 19.12 | 19.12 |
| MARGIN | 3.72 | 4.78 | 4.78 |
| MPBF | 11.15 | 14.34 | 14.34 |
| INTEREST ON WC | 1.23 | 1.58 | 1.58 |

1.8 Means of finance

| | | | | |
|-----------------------------------|-----|--------|--------|--------------|
| EQUITY CAPITAL | | | 25.00% | 6.23 |
| MOFPI SUBSIDY | 25% | 50.00 | 25.00% | 6.23 |
| TERM LOAN | | | | |
| FINANANCIAL INSTITUTIONS | | 10.00% | 50.00% | 12.46 |
| -Payable half yearly Installments | 10 | 1.20 | | |
| TOTAL | | | 100% | 24.92 |

1.9 Cash flow statement

| PARTICULARS | Year 1 | Year 3 | Year 5 | Year 7 |
|--------------------------------|--------------|-------------|-------------|-------------|
| SOURCES OF FUNDS | | | | |
| EQUITY CAPITAL | - | - | - | - |
| SUBSIDY | | | | |
| NET PROFIT | 2.64 | 6.89 | 5.60 | 4.23 |
| (INTEREST ADDED BACK) | | | | |
| DEPRECIATION | 0.67 | 0.67 | 0.67 | 0.67 |
| PRELIMINARY EXP.W/O | 0.69 | 0.69 | 0.69 | 0.69 |
| INCREASE IN TERM LOAN | - | - | - | - |
| INCREASE IN BANK BORROWINGS-WC | 11.15 | 1.59 | - | - |
| TOTAL | 15.16 | 9.84 | 6.96 | 5.59 |

1.10 Projected balance sheet

| PARTICULARS | Year 1 | Year 3 | Year 5 | Year 7 |
|--------------------|--------------|--------------|--------------|--------------|
| LIABILITIES | | | | |
| EQUITY CAPITAL | 6.23 | 6.23 | 6.23 | 6.23 |
| RESERVES & SURPLUS | 6.40 | 12.99 | 20.74 | 26.64 |
| TERM LOAN | 11.26 | 6.46 | 1.66 | (0.00) |
| BANK BORROWINGS-WC | 11.15 | 14.34 | 14.34 | 14.34 |
| TOTAL | 35.05 | 40.03 | 42.98 | 47.21 |

1.11 Projected profit and loss account

| Particulars | Year 1 | Year 3 | Year 5 | Year 7 |
|--------------------------|--------|--------|--------|--------|
| INCOME | 76.80 | 98.75 | 98.75 | 98.75 |
| EXPENDITURE | 72.80 | 90.50 | 91.79 | 93.16 |
| VARIABLE | 50.45 | 63.76 | 63.76 | 63.76 |
| FIXED | 22.35 | 26.74 | 28.03 | 29.40 |
| GROSS PROFIT | 4.00 | 8.25 | 6.96 | 5.59 |
| PROFIT BEFORE TAX | 0.17 | 4.48 | 3.67 | 2.65 |
| RETAINED PROFIT | 0.17 | 4.48 | 3.67 | 2.65 |

1.11.1 Key indicators

| | |
|---|--------------|
| NET PRESENT VALUE at current Inflation (Rs. in lakhs) | 33.32 |
| INTERNAL RATE OF RETURN % | 30.47 |
| AVERAGE DSCR | 1.64 |
| BREAK EVEN POINT % | 92.42 |
| PAY BACK PERIOD (YEARS) | 4.20 |

1.11.2 Manpower Requirement

| PARTICULARS | NO. |
|--------------------------|-----|
| SUPERVISORY STAFF | |
| MANAGER | 1 |
| ACONTANT & MKT ASSISTANT | 2 |
| WORKERS | |
| PRODUCTION SUPERVISOR | 2 |
| SKILLED WORKERS | 2 |
| UNSKILLED WORKERS | 4 |

1.11.3 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 | 4 |
| Moratorium | | Months | 6 |
| CAPACITY | | | |
| Rated Capacity Per Annum | 80% of Installed capacity | TPA | 211 |
| Number of Operational Days | DAYS | | 330 |
| Working Hours Per day | Hrs | | 16 |
| CAPACITY UTILIZATION | | | |
| Year I | | | 70% |
| Year II | | | 80% |
| Year III | | | 90% |
| SALES PRICE | | | |
| W S Price | | | 52000 |
| 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% |

1.11.4 Sources of technology

- Raylon Metal Works, PB NO. 17426, Andheri (E), Mumbai 400 059
- KSJ Foods & Services Pvt Ltd, Vile-Parle, Mumbai
- Somani International Corpn; 1510, Maker Chamber V, Nariman Point, Mumbai 400
- 021
- Gurunanak Engg. And Foundry works, 166, Focal Point, Mehta Rd., Amritsar-143039.
- Tel No. 2583542/2587943, Fax: 2587944

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