

PROJECT REPORT FOR
MASALA MAKING UNIT



PROMOTER:

MR. xxxxxxxxxxxxxxxxxxxxxxxxx

PROJECT LOCATION:

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

PREPARED BY:

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C O N T E N T

CHAPTER NO.	PARTICULAR
I.	PROJECT AT A GLANCE
II.	ABOUT THE PROJECT
III.	PROFILE OF PROMOTER
IV.	ECONOMICS OF THE PROJECT
A.	TOTAL COST OF THE PROJECT & MEANS OF FINANCE
B.	PROFITABILITY STATEMENT
C.	CASH FLOW STATEMENT
D.	BALANCE SHEET
E.	CAPITAL ACCOUNT
F.	INCOME
G.	EXPENSES
H.	FIXED ASSETS AND DEPRECIATION
I.	TERM LOAN REPAYMENT AND INTEREST THEREON
J.	WORKING CAPITAL

Project For:
MASALA MAKING UNIT

I. PROJECT AT A GLANCE

1. About the Promoter : MR. xxxxxxxxxxxxxxxxxxxxxxxxxxxx
Project Location: xxxxxxxxxxxxxxxxxxxx
2. Project Cost : Rs. 8.32 Lakhs
3. Mean of Finance
- A) T. L. facility from Bank : Rs. 5.27 Lakhs
 - B) Beneficiary contribution : Rs. 0.83 Lakhs
 - C) C.C. facility from Bank : Rs. 2.23 Lakhs
 - D) Subsidy under PMEGP Scheme : Rs. 2.91 Lakhs
5. Rate of Interest : 11.00% Per Annum
6. Repayment : 60 monthly instalments, EMI @ 0.11 Lakhs
7. Nature of Project : Masala Making Unit
8. Employment Potential : 2 Nos
9. Nature of the Firm : Proprietary Firm
10. Average Debt Coverage ratios : **2.00**

II. ABOUT THE PROJECT

India is the Land of Spices. The country produces at present 2 million tonnes of different varieties of spices and holds first position in the world. It requires the simple grinding and formulation as per the region's taste and flavours. Any entrepreneur who had basic sense of taste and flavour and little bit of market knowledge may be very successful in setting up of this unit.

Required Raw Material

Ungrounded spices are the basic ingredients used in spice powder, and you will need packaging materials along with raw materials to secure the spice powder.

Usage of Machinery

Depending on the scale of industries that the equipment is used, grinding machines are essential machinery required in the spice industry. Large-scale industries use the machine Impact Pulverizer, whereas small-scale industries use the Pulverizer Double Stage.

Another machinery is also needed, such as a spice grinder, weighing scale, packaging machine, roaster, and compressor.

Manufacturing Process of Spices

Cleaning

It is the very first spice making method in which the ungrounded spices are manually washed by removing impurities such as stone, dust, and dirt.

Drying

The consistency of the spice powder will rely on the well-dried spice just after the cleaning and washing process, showing them in sunlight so that they can dry. If there is no good cleaning and washing, it will result in the growth of bacteria that will poison food.

Roasting

When spices are dried, they go through the roasting process as the roasting of the spices is important because it will help give the spice powder the scent, color, and good taste.

Grinding

For pulverizing, grinding machines are used to turn the spices into powder form.

Grading

Grading is a process that depends on the form of spices (flavor), density, shape, size, and color, and is the basis for the inclusion and proportion of spices combined with the raw material used.

Sieving

Ensure that the spice powder has a consistent mesh size.

Spice packaging

Seasoning and spices add tremendous flavor to your favorite dishes, but they must be new to work their magic; thus, proper packaging is compulsory.

With stand-up pouches with zip locks, secure and maintain your spices and seasonings and such packaging bags will give you the flexibility to choose the right size, design, and features for your spices. Choose among options such as gas release valves, tear notches, heavy-duty zipper tops, hang holes, pour spouts, and various designs that give you plenty of space to bring your brand to life.

Once the spice is converted to powder form, the spice powder is weighted according to the volume that needs to be packaged. With the aid of the sealing machine, the spices are then wrapped in a polythene bag and sealed.

By standing up, your spices will be covered from problems such as moisture, puncture, odor, and more by pouches. Therefore, you guarantee that your seasonings and spices make it safely from the factory to the taste buds of your customers.

SWOT Analysis

Strengths: Spices are an essential item used on a massive scale not only in India but worldwide. This suggests that this will not go to an end. Henceforth, investing in the spice business will be a strategic move. Also, people in today's time mostly use ready-made masalas which gives scope for every other person to start investing in the business.

Weaknesses: It's not ready to eat the product, hence it involves several steps to reach the final end-user that makes it a bit costly. Also, as mentioned above working labor issue is the main weakness of this business, which a new investor has to overcome.

Opportunity: Here are so many opportunities lies for a new investor, after brand marketing there will be nothing but high returns. Not only can you tie-up with local vendors but big brand marts such as Reliance, Grofers, Easy Day, where your brand will get more recognition.

Threats: Major threats are allegations of adulteration for name shame. However other one is of a number of competitors in the market where you have to win the stake by making your marketing strategy unique and by giving the best quality

Project For :
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III. ECONOMICS OF THE PROJECT

A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Land & Building (Existing)	-	-	-
2	Plant & Machinery	5.50	0.00	5.50
3	Furniture & Electricals	0.25	0.00	0.25
4	Preliminary and pre operative expenses.	0.10	0.00	0.10
5	Working Capital	2.47	0.00	2.47
		8.32	0.00	8.32

Means of Finance :

a) Own Contribution (10%)	0.83
b) T L facility from Bank (90%)	5.27
c) C.C. Facility from Bank (90%)	2.23
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	8.32
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d) Subsidy Entitlement Under PMEGP scheme @ 35%	2.91

B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Sales	14.46	17.36	20.25	23.14	24.59	26.03
	Add : Increase in Cl.Stock	1.87	1.14	1.30	1.46	1.46	1.55
	Total Turnover	16.33	18.50	21.55	24.60	26.05	27.58
2	RM Consumption	10.42	12.44	14.46	16.49	17.56	18.63
3	Overheads						
	a) Direct	2.42	2.66	2.93	3.19	3.48	3.79
	b) Indirect	0.75	0.76	0.78	0.80	0.83	0.86
4	Balance	2.75	2.64	3.38	4.12	4.19	4.30
5	Interest on TL & CC	0.81	0.71	0.60	0.48	0.35	0.27
6	Depreciation	0.85	0.72	0.62	0.52	0.45	0.38
7	Preliminary expenses W/off	0.02	0.02	0.02	0.02	0.02	-
8	Profit after Interest & Dep.	1.08	1.19	2.14	3.09	3.37	3.65
9	Income Tax	-	-	-	0.31	0.34	0.37
10	Profit after Tax	1.08	1.19	2.14	2.78	3.04	3.29
11	Add: Depreciation & Pre Exp.	0.87	0.74	0.64	0.54	0.47	0.38
12	Add : Interest on TL	0.81	0.71	0.60	0.48	0.35	0.27
13	Cash Accruals	2.75	2.64	3.38	3.81	3.85	3.93
14	Instalments of TL & Interest	1.64	1.64	1.64	1.64	1.64	0.27
15	DSCR	1.68	1.61	2.06	2.32	2.35	-
16	Average DSCR	2.00					
17	N.P. to Total receipts	7.45	6.87	10.58	12.02	12.35	12.62

Project For :
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C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A CASH INFLOW :							
1	Collection from Debtors	13.86	16.63	19.40	22.18	23.56	24.95
2	T.L. from Bank	5.27					
3	CC from bank	2.23					
4	Capital	0.83	-	-	-	-	-
5	Subsidy	2.91	-				
	TOTAL (A)	25.10	16.63	19.40	22.18	23.56	24.95
B CASH OUTFLOW :							
1	Fixed Assets	5.85			-		
2	Payments to creditors	8.68	10.36	12.05	13.74	14.63	15.52
3	Direct overheads	2.42	2.66	2.93	3.19	3.48	3.79
4	Indirect Overheads	0.75	0.76	0.78	0.80	0.83	0.86
5	Interest on Bank Loan	0.81	0.71	0.60	0.48	0.35	0.27
6	Income Tax	-	-	-	0.31	0.34	0.37
7	Term Loan Repayment	0.84	0.93	1.04	1.16	1.30	-
8	Drawings	0.50	0.52	0.57	0.63	0.64	0.70
	TOTAL (B)	19.84	15.94	17.97	20.32	21.56	21.52
SUMMARY:							
	Op. Cash & Bank Balance.	-	5.26	5.95	7.38	9.24	11.25
	Add : Surplus / (Deficit)	5.26	0.69	1.43	1.86	2.01	3.43
	Cl. Cash & Bank Balance.	5.26	5.95	7.38	9.24	11.25	14.68

Project For :
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D. BALANCE SHEET

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
A	ASSETS :						
1	Fixed Assets	4.90	4.18	3.56	3.04	2.59	2.21
2	Investments	-	-	-	-	-	-
3	Current Assets	7.73	10.29	13.87	18.15	22.65	28.71
4	Loans & Advances	-	-	-	-	-	-
5	Pre Exp. Not written off	0.08	0.06	0.04	0.02	-	-
	TOTAL (A)	12.71	14.53	17.47	21.21	25.24	30.92
B	LIABILITIES:						
1	Capital	4.32	4.99	6.57	8.72	11.12	13.70
2	Secured loans						
	Term Loan	4.43	3.50	2.46	1.30	-	-
3	Unsecured Loans	-	-	-	-	-	-
4	Current Liabilities						
	Cash Credit	2.23	2.23	2.23	2.23	2.23	2.23
	Sundry Creditors	1.74	3.81	6.22	8.97	11.89	15.00
	TOTAL (B)	12.71	14.53	17.47	21.21	25.24	30.92

Project For :
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(Rs. Lacs)

E. CAPITAL ACCOUNT

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Op. Balance	-	4.32	4.99	6.57	8.72	11.12
2	Additions	3.75	-	-	-	-	-
3	Net Profit for the year.	1.08	1.19	2.14	2.78	3.04	3.29
	Sub Total	4.82	5.51	7.14	9.35	11.76	14.40
4	Less : Drawings	0.50	0.52	0.57	0.63	0.64	0.70
5	Cl. Balance	4.32	4.99	6.57	8.72	11.12	13.70

Project For :
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(Rs. Lacs)

F. PRODUCTION AND SALES

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Capacity utilisation	0.50	0.60	0.70	0.80	0.85	0.90
1	Production per annum (Nos.) Masalas	225.40	270.48	315.56	360.64	383.18	405.72
2	Cl.Stock of Finished Goods (Nos.) Masalas	18.78	22.54	26.30	30.05	31.93	33.81
3	Sales per annum (MT) (Tot Production less Cl. Stock) Masalas	206.62	247.94	289.26	330.59	351.25	371.91
4	Sales per annum Masalas (Avg. Selling Price @ 70 per Kgs.)	14.46	17.36	20.25	23.14	24.59	26.03
	Total Sale	14.46	17.36	20.25	23.14	24.59	26.03
5	Sundry Debtors (Credit period allowed 15 days)	0.60	0.72	0.84	0.96	1.02	1.08
6	Collection from Debtors	13.86	16.63	19.40	22.18	23.56	24.95
7	Total cost of Production	12.84	15.10	17.39	19.68	21.03	22.42
8	Cost per MT	0.06	0.06	0.06	0.05	0.05	0.06
9	Value of Closing Stock	1.07	1.26	1.45	1.64	1.75	1.87

Project For :
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PRODUCTION

S.No.	Particulars	Installed capacity (Quintal)	Year 1 0.50	Year 2 0.60	Year 3 0.70	Year 4 0.80	Year 5 0.85	Year 6 0.90
1	Production of different types of Masalas	450.80	225.40	270.48	315.56	360.64	383.18	405.72

Installed Capacity Kgs./ Hrs	20.00
Per Day Working Hours	8.00
Less: Lunch Hours	1.00
Net	<u>7.00</u>
Total Production per day	1.40 Quintal
Total production per annum	450.80 Quintal
Total Working Days	365.00
Weekly off	26.00
Holidays	7.00
Machine Break down	10.00
Net Working days	<u>322.00</u>

Project For :
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(Rs. Lacs)

G. RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Production (Nos.) (Output)	225	270	316	361	383	406
2	RM Purchases	9.62	11.48	13.35	15.22	16.21	17.20

Raw Material requirement (Input)

S.No.	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Requirement of Raw material (@ Rs. 30 per Kgs.)	9.02	10.82	12.62	14.43	15.33	16.23
2	Packaging Material	0.60	0.66	0.73	0.80	0.88	0.97
3	Total cost of R.M	9.62	11.48	13.35	15.22	16.21	17.20

Project For :
MASALA MAKING UNIT

(Rs. Lacs)

RAW MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	RM cost for total production	9.62	11.48	13.35	15.22	16.21	17.20
2	Cl. Stock of RM (assumed 30 days consumption)						
	O/p Stock	-	0.80	1.76	2.87	4.14	5.49
	Add : Addition	0.80	0.96	1.11	1.27	1.35	1.43
	Closing Stock	0.80	1.76	2.87	4.14	5.49	6.92
3	RM Purchases	10.42	12.44	14.46	16.49	17.56	18.63
4	Sundry Creditors (Credit period allowed 60 days)	1.74	2.07	2.41	2.75	2.93	3.10
5	Payment to creditors	8.68	10.36	12.05	13.74	14.63	15.52

Project For :
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(Rs. Lacs)

H. DIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Manpower						
a	Skilled Worker 1 no.@ Rs. 6,000 per month	0.72	0.79	0.87	0.96	1.05	1.16
b	Unskilled Worker 1 no.@ Rs. 5,000 per month	0.60	0.66	0.73	0.80	0.88	0.97
2	Power and Fule @ Rs. 5,000 per month	0.60	0.66	0.73	0.80	0.88	0.97
3	Other Production Overheads	0.50	0.55	0.61	0.64	0.67	0.70
	Total	2.42	2.66	2.93	3.19	3.48	3.79

(Rs. Lacs)

I. INDIRECT OVERHEADS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Advertisement & Publicity	0.25	0.28	0.30	0.33	0.37	0.40
2	Repairs & Maint. (5% of machinery cost)	0.25	0.21	0.18	0.15	0.13	0.11
3	Misc. Expenses	0.25	0.28	0.30	0.32	0.33	0.35
		<u>0.75</u>	<u>0.76</u>	<u>0.78</u>	<u>0.80</u>	<u>0.83</u>	<u>0.86</u>

Project For :
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(Rs. Lacs)

J. TERM LOAN REPAYMENT AND INTEREST THEREON

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	TL / Op. Bal.	5.27	4.43	3.50	2.46	1.30	-
2	Repayment during the year	0.84	0.93	1.04	1.16	1.30	-
3	Cl. Balance	4.43	3.50	2.46	1.30	-	-
4	Interest at 11 per cent p.a.	0.54	0.44	0.33	0.21	0.08	-
5	Total repayment with Interest	1.64	1.64	1.64	1.64	1.64	0.27
6	Interest on CC (at 12 per cent p.a.)	0.27	0.27	0.27	0.27	0.27	0.27
	Total Interest	0.81	0.71	0.60	0.48	0.35	0.27

Term Loan Repayment Schedule

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				5.265
1	0.11	0.05	0.07	5.20
2	0.11	0.05	0.07	5.13
3	0.11	0.05	0.07	5.06
4	0.11	0.05	0.07	5.00
5	0.11	0.05	0.07	4.93
6	0.11	0.05	0.07	4.86
7	0.11	0.04	0.07	4.79
8	0.11	0.04	0.07	4.72
9	0.11	0.04	0.07	4.65
10	0.11	0.04	0.07	4.57
11	0.11	0.04	0.07	4.50
12	0.11	0.04	0.07	4.43
First Year	1.37	0.54	0.84	
13	0.11	0.04	0.07	4.36
14	0.11	0.04	0.07	4.28
15	0.11	0.04	0.08	4.21
16	0.11	0.04	0.08	4.13
17	0.11	0.04	0.08	4.05
18	0.11	0.04	0.08	3.98
19	0.11	0.04	0.08	3.90

20	0.11	0.04	0.08	3.82
21	0.11	0.04	0.08	3.74
22	0.11	0.03	0.08	3.66
23	0.11	0.03	0.08	3.58
24	0.11	0.03	0.08	3.50
Second Year	1.37	0.44	0.93	
25	0.11	0.03	0.08	3.41
26	0.11	0.03	0.08	3.33
27	0.11	0.03	0.08	3.25
28	0.11	0.03	0.08	3.16
29	0.11	0.03	0.09	3.08
30	0.11	0.03	0.09	2.99
31	0.11	0.03	0.09	2.90
32	0.11	0.03	0.09	2.82
33	0.11	0.03	0.09	2.73
34	0.11	0.02	0.09	2.64
35	0.11	0.02	0.09	2.55
36	0.11	0.02	0.09	2.46
Third Year	1.37	0.33	1.04	
37	0.11	0.02	0.09	2.36
38	0.11	0.02	0.09	2.27
39	0.11	0.02	0.09	2.18
40	0.11	0.02	0.09	2.08
41	0.11	0.02	0.10	1.99
42	0.11	0.02	0.10	1.89
43	0.11	0.02	0.10	1.79
44	0.11	0.02	0.10	1.70
45	0.11	0.02	0.10	1.60
46	0.11	0.01	0.10	1.50
47	0.11	0.01	0.10	1.40
48	0.11	0.01	0.10	1.30
Fourth Year	1.37	0.21	1.16	
49	0.11	0.01	0.10	1.19
50	0.11	0.01	0.10	1.09
51	0.11	0.01	0.10	0.98
52	0.11	0.01	0.11	0.88
53	0.11	0.01	0.11	0.77
54	0.11	0.01	0.11	0.67
55	0.11	0.01	0.11	0.56
56	0.11	0.01	0.11	0.45
57	0.11	0.00	0.11	0.34
58	0.11	0.00	0.11	0.23
59	0.11	0.00	0.11	0.11
60	0.11	0.00	0.11	0.00
Fifth Year	1.37	0.08	1.30	

Project For :
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(Rs. Lacs)

K. WORKING CAPITAL

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Total Inventory	1.87	3.02	4.32	5.78	7.24	8.79
2	Sundry Debtors	0.60	0.72	0.84	0.96	1.02	1.08
	Total	2.47	3.74	5.16	6.74	8.27	9.88
3	Bank C.C. (90 per cent)	2.23	3.37	4.65	6.07	7.44	8.89
4	Own Contribution (10%)	0.25	0.37	0.52	0.67	0.83	0.99

Project For :
MASALA MAKING UNIT

(Rs. Lacs)

L. CURRENT ASSETS

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Cl. Stock of Materials	0.80	1.76	2.87	4.14	5.49	6.92
2	Cl. Stock of Finished Goods	1.07	1.26	1.45	1.64	1.75	1.87
	Total Inventory	1.87	3.02	4.32	5.78	7.24	8.79
3	Cash and bank Balance	5.26	5.95	7.38	9.24	11.25	14.68
4	Sundry Debtors	0.60	1.33	2.17	3.13	4.16	5.24
	Total	7.73	10.29	13.87	18.15	22.65	28.71

Project For :
MASALA MAKING UNIT

M. FIXED ASSETS AND DEPRECIATION

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Plant & Machinery						
	Op. Balance	-	4.68	3.97	3.38	2.87	2.44
	Additions	5.50	-				
	Total	5.50	4.68	3.97	3.38	2.87	2.44
	Less : Depreciation	0.83	0.70	0.60	0.51	0.43	0.37
	Cl. WDV	4.68	3.97	3.38	2.87	2.44	2.07
2	Furniture & Electricals						
	Op. Balance	-	0.23	0.20	0.18	0.16	0.15
	Additions	0.25	-				
	Total	0.25	0.23	0.20	0.18	0.16	0.15
	Less : Depreciation	0.03	0.02	0.02	0.02	0.02	0.01
	Cl. WDV	0.23	0.20	0.18	0.16	0.15	0.13
	Total Depreciation	0.85	0.72	0.62	0.52	0.45	0.38
	Cl. WDV	4.90	4.18	3.56	3.04	2.59	2.21