

PROJECT REPORT ON SPICE MILL



Govt. of Uttarakhand

Directorate of Industries, Uttarakhand

Industrial Area Patel Nagar, Dehradun.

Tele No: 0135-2728227 | Fax No : 2728226

Website- www.doiuk.org | Email- mpr@doiuk.org



PROJECT HIGHLIGHTS

PROPRIETOR	:	XXXXX
ADDRESS OF THE PROPRIETOR	:	YYYYY
		DIST..... STATE.....
CONSTITUTION	:	PROPRIETORSHIP
CATEGORY OF UNIT	:	MICRO UNIT
FATHER NAME	:	XXXXXX
DATE OF BIRTH	:	XX-YY-ZZZZ
CATEGORY OF THE PROPRIETOR	:	XXXXXX
QUALIFICATION	:	XXXXXX
LOCATION OF UNIT	:	XXXXXX
PROPOSED PROJECT	:	SPICE MILL
NAME OF SCHEME	:	PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME
UNIT (OWN/RENTED)	:	OWNED/RENTED
(A) TOTAL COST OF PROJECT	:	Rs.6,50,000.00
(1) Fixed Capital		Rs. 4,50,000.00
(2) Working Capital Limit		Rs . 2,00,000.00
(B) MEANS OF FINANCE	:	Rs. 6,50,000.00
(1) Term Loan for Machinery		Rs. 4,17,500.00
(2) Working Capital Limit		Rs. 2,20,000.00
(3) Promoter's Contribution		Rs. 32,500.00
SUBSIDY UNDER PMEGP	:	Rs. 2,27,500.00
EMPLOYMENT POTENTIAL	:	5
NORMAL WORKING HOUR	:	8 HOUR



INTRODUCTION

Spices are very important and essential for adding and enhancing flavor, taste and scent in preparation of food. They are also useful in preparation of certain medicine. India is the largest producer, consumer and exporter of spices Andhra Pradesh, Gujarat, Orissa, Rajasthan are major states producing varieties of spices. Spices are heavily used in Indian household for preparing food. They give aroma, taste and flavor to food. Curry powder, extensively used in Indian recipes, contains some time more than 20 different spices. Even in foreign countries, Indian spices are extensively used in preparation of food. Some of spices have medicinal properties and can be used in preparation of medicines and ayurvedic & cosmetic products.

PROMOTER & MANAGEMENT

The promoter is reported to have good financial standing presently. The Promoters is actively associated with the implementation of the project. Promoter is over all in charge of the working of the unit.

MARKET AND DEMAND

India is largest consumer of spices and with the growth of population; there will be huge demand of spices which is increasing. Moreover, the varied tastes and habits of the people, there is even increasing demand for high quality spice and curry/masala powder. Even there is a good scope for exporting spices to other countries. There is a growing demand of pure/unadulterated grounded spices from the customers who are increasingly informed these days. With various food standards such as FSSAI, FSMS, ISI and ISO standards implementation, there can be huge market growth for manufacturer for packed spice and curry powder. Raw

materials are easily available from the local market anywhere in India. Marketing of spices is not complicated. Umpteen number of retail shops in and around the unit would be the prospective buyers of spices in bulk.



MAJOR BENEFITS OF THE PROJECT

- I. Easy availability of material.
- II. Job opportunity for local people.

FURNITURE, FIXTURES ETC.

The total estimated cost of required Furniture & Fixtures including electrical fittings would be Rs.- 10,000.00/-.

PREOPERATIVE EXPENSES

The total estimated cost of required Preoperative Expenses would be Rs.- 10,000/-.



PLANT, MACHINERY AND EQUIPMENTS

Plant, Machinery, Tools, Shed and other equipment's required for the proposed unit are available indigenously. The various items required for installation of Rs. 4,30,000/- details as per quotation attached herewith.

QUALITY CONTROL

The concern proposed to set up above unit for which provision testing equipment have been proposed in the project report.

TECHNICAL KNOW- HOW

The process for sale of products is simple and no sophisticated technology is involved. There is no requirement of any type of technical knowhow.

TRANSPORTATION

The proposed location is connected by road and near to the city. Thus the unit is not likely to face difficulty on account of transportation.

UTILITIES

a) **Power:**

The total connected load for the smooth operations of the unit has been estimated and Electricity connection will be obtained as per required load including lighting load if required.

b) **Water:**



The water will be available. Necessary provision for storage of water and water supply has been made in the project cost.

MANPOWER

The unit would require total manpower of person of different category. The details of salary/wages proposed to be paid together with annual Salary/wages bill is given in separate annexure.

DEPRECIATION

The depreciation on fixed assets has been computed in annexure of this project report in accordance with the admissibility of the same under the Income Tax Act, 1961.

TRAINING

Applicant has to complete two week EDP training specially designed for the purpose, which will be organized by KVIC/KVIB/DIC or the institution organized by or under the administration control of Minister of MSME or any other training center of repute before disbursement of loan by the bank. After the successfully completion of EDP training arranged by the KVIC/KVIB/DIC, the beneficiary will deposit his own contribution in the bank as per the guideline of scheme.

CAPITAL SUBSIDY UNDER PMEGP

Unit is eligible to get capital subsidy under Prime Minister Employment Generation Programme 35% of the total cost of the project (except cost of land). Total subsidy to be received Rs. 2,27,500/-



TERM LOAN AND WORKING CAPITAL LOAN PMEGP SCHEME

The unit proposed to have Term loan UNDER PMEGP of Rs. 4,17,500/- & working capital limit of Rs. 2,00,000/- Own contribution of unit will be Rs. 32,500/-, which is five percent of total cost of project. The total project cost will be Rs.6,50,000/-.

LOAN REPAYMENT SCHEDULE

Total Term Loan	:	Rs. 417,500/-
Total Duration	:	5 Years
From the next year		
Each yearly instalment	:	Rs. 83,500/-
Total instalments	:	Rs. 83,500*5 = Rs. 417,500/-

Total	Rs. 417,500/--
--------------	----------------

INTEREST COMPUTATION

Interest computation is given in Annexure 6.

PROJECTED INCOME/PROFITABILITY

The projected Income & profitability statement has been shown in the attached profit & loss account. Projected Balance sheet for the next five years is also enclosed as here for the reference.



ECONOMIC VIABILITY

Based on the projections attached it is observed that sufficient revenue shall be generated through operations served & it indicates the economic viability of the proposal. Hence the project can be considered as economically favourable and viable.

CONCLUSION

Based on the grounds discussed aforesaid it is concluded that project is economically & feasibly viable and should be considered favourably.



M/S SPICE MILL				
ADDRESS: ZZZZZZZ				
FINANCIAL ASPECTS OF THE PROJECT				
A. FIXED CAPITAL				
I-Plant & Machineries:				
S. No.	Particulars	No.	Rate (Rs.)	Amount(Rs.)
1	SGM	1	50000	50000
2	PPM	1	300000	300000
3	For Hall & Shed construction (Like angle, cement, corsand, sariya, bricks etc.)			80000
	TOTAL			430000

II-Other Fixed Assets:		
S. No.	Particulars	Amount (Rs.)
1	Furniture for unit like racks, chair etc.	5000
2	Other equipments like fan, electrification etc.	5000
	TOTAL	10000

III-Preliminary & Pre-operative expenses:		
S. No.	Particulars	Amount (Rs.)
1	Transportation of Machinery / Equipments	9000
2	Misc. Expenses (Electric fitting , Board etc)	1000
	TOTAL	10000

TOTAL FIXED CAPITAL		
S. No.	Particulars	Amount (Rs.)
1	Machinery and Equipments	430000
2	Other Fixed Assets	10000
3	Preliminary and Pre Operative Expenses	10000
	TOTAL	450000



B. WORKING CAPITAL

I- Raw Material (Per Month):

S. No.	Particulars	Qty. kg	Rate (Rs.)	Amount (Rs.)
1	Spices (like-coriander, Turmeric, Red Chili, Garam Masala, etc.)			147000
	TOTAL			147000

II- Man power (Per Month):

S. No.	Particulars	Nos.	Salary	Amount (Rs.)
1	Skill worker	2	9000	18000
2	Semi skill worker	2	7000	14000
3	Marketing Sales	1	10000	10000
	TOTAL			42000

III- Utilities (Per Month):

S. No.	Particulars	Amount (Rs.)
1	Electricity	5000
2	Phone bill	500
3	Packing material	3000
	TOTAL	8500

IV- Misc. or other expenses: (Per Month)

S. No.	Particulars	Amount (Rs.)
1	Repair & Renewal	2000
2	Other	500
	TOTAL	2500



TOTAL WORKING CAPITAL (Per Month)		
S. No.	Particulars	Amount (Rs.)
1	Raw Material	147000
2	Manpower	42000
3	Utilities	8500
4	Misc. expenses	2500
	TOTAL	200000

<u>C-ANNUAL SALES REALISATION</u>		
S. No.	Particulars	Amount (Rs.)
1	Amount per year may be realized	3000000

D-BREAK EVEN POINT (BASED ON FIRST YEAR OF OPERATION)			
S. No.	FIXED COST	Amount (Rs.)	
1	Interest on loan	44559	
2	Depreciation	66000	
3	Man power expenses (30%)	151200	
4	Operating expenses (30%)	568800	
	Total	830559	
	BEP = Fixed Cost * 100	83055943	72.68
	Fixed Cost + Net Profit	1142778	



M/S SPICE MILL					
ADDRESS: ZZZZZZZ					
					Annexture-1
PROJECTED BALANCE SHEET					
					(Rs. In '000)
PARTICULARS	Operating Years				
	1st	2nd	3rd	4th	5th
A-SOURCES:-					
I) CAPITAL / OWN CONTRIBUTION	33	345	701	1094	1523
ADD:- PROFIT	312	357	393	429	462
TOTAL	345	701	1094	1523	1986
II) LOAN FUNDS					
SECURED LOANS					
Term Loan from Bank	334	251	167	84	0
C/C Limit from Bank	200	200	200	200	200
TOTAL (I+II)	879	1152	1461	1807	2186
B- APPLICATION:-					
I) FIXED ASSETS					
GROSS BLOCK	440	440	440	440	440
LESS: ACC.DEPRICIATION	66	122	170	210	245
TOTAL	374	318	270	230	195
II) CURRENT ASSETS LOANS & ADVANCES					
PRELIMINARY EXPENSES	10	10	10	10	10
INVENTORIES	147	154	162	169	176
SUNDERY RECEIVABLES	250	263	275	288	300
CASH & BANK BALANCES	307	633	985	1365	1774
LOANS & ADVANCES	10	10	10	10	10
TOTAL	724	1069	1442	1842	2270
III) CURRENT LIABILITIES & PROVISIONS					
SUNDERY CREDITOR	147	154	162	169	176
PROVISION FOR TAXATAION	7	12	17	21	25
EXPENSES PAYABLE	66	69	72	75	79
TOTAL	220	236	250	265	280
IV) NET CUREENT ASSETS (II-III)	505	834	1191	1577	1991
TOTAL	879	1152	1461	1807	2186



Margin Money under PMEGP	228	228	228	-	-
--------------------------	-----	-----	-----	---	---

M/S SPICE MILL					
ADDRESS: ZZZZZZZ				Annexture-2	
PROJECTED COST OF PRODCUTION AND PROFITABILITY					
				(Rs. In '000)	
Particulars	Operating Years				
	1 st	2nd	3rd	4th	5th
Capacity Utilization	50%	55%	60%	65%	70%
A- INCOMES :					
GROSS RECEIPTS	3000	3150	3300	3450	3600
CLSOING STOCK	147	154	162	169	176
TOTAL (A)	3147	3304	3462	3619	3776
B- EXPENSES					
OPENING STCOK	0	147	154	162	169
PURCHASES AND CONSUMPTION	1911	1852	1940	2029	2117
SALARY & WAGES	504	529	554	580	605
UTILITIES EXPENSES	102	107	112	117	122
Total (B)	2517	2636	2761	2887	3013
C- GROSS PROFIT (A-B)	630	669	700	732	763
ADMINISTRATIVE COST	30	32	33	35	36
SELLING & DISTRIBUTION EXPENSES	150	158	165	173	180
DEPRICIATION	66	56	48	40	35
FINANCIAL CHARGES					
Interest on Term Loan @11.75%	45	35	25	15	5
Interest on CC Limit @10%	20	20	20	20	20
D-TOTAL	311	300	291	282	276
E- PROFIT BEFORE TAX (C - D)	319	369	409	450	487
F- PROVISION FOR TAXATION	7	12	17	21	25
G- NET PROFIT AFTER TAX	312	357	393	429	462

Note :-Above statement prepared & compiled by us as per the information provided by proprietor



M/S SPICE MILL					
ADDRESS: ZZZZZZZ					
					Annexture-3
PROJECTED CASH FLOW STATEMENT					
					(Rs. In '000)
PARTICULARS	Operating Years				
	1 st	2nd	3rd	4th	5th
A-SOURCE OF FUND					
1. Increase in Capital	33	-	-	-	-
2. Increase in Term Loan	418	-	-	-	-
3. Increase in C/C Limit	200	-	-	-	-
4. Profit / (Loss)	312	357	393	429	462
5. Depreciation added back	66	56	48	40	35
6. Increase in Creditors	220	16	15	15	15
TOTAL (A)	1248	429	456	484	512
B-DISPOSAL OF FUND					
I) FIXED ASSETS PURCHASED					
1. Furniture & Fixtures	10	-	-	-	-
2. Plant & Machinery	430	-	-	-	-
II) CURRENT ASSETS					
3. Increase in Stock	147	7	7	7	7
4. Increase in Debtors	250	13	13	12	13
5. Increase in Preliminary Exp.	10				
6. Increase in Loans & Advances	10	-	-	-	-
III) OTHERS					
7. Payment of Term Loan	83	83	84	84	84
8. Decrease in Creditors	0				
TOTAL (B)	941	103	103	103	103
Opening Cash & Bank Balance	0	307	633	985	1365
Surplus/(Deficit) (A - B)	307	325	352	380	409
Closing Cash & Bank Balance	307	633	985	1365	1774
Note :-Above statement prepared & compiled by us as per the information provided by proprietor					

M/S SPICE MILL			
ADDRESS: ZZZZZZZ			
			Annexture-4
COMPUTATION OF DEPRECIATION			
Depreciation under WDV Method:			(Rs. in '000')
Particulars	Furniture & Fixture	Plant & Machinery	Total
Rate as per I. Tax Act	10%	15%	
Value of Assets at beginning	10	430	440
1st year Dep.	1	65	66
Balance at the end of 1st year	9	365	374
2nd year Dep.	1	55	56
Balance at the end of 2nd year	8	310	318
3rd year Dep.	1	47	48
balance at the end of 3rd year	7	263	270
4th year Dep.	1	39	40
balance at the end of 4th year	6	224	230
5th year Dep.	1	34	35



M/S SPICE MILL						
ADDRESS: ZZZZZZZ						
					Annexture-5	
PROJECTED FINANCIAL RATIOS						
					(Rs. In '000)	
PARTICULARS		Operating Years				
		1st	2nd	3rd	4th	5th
1. CURRENT RATIO	CURRENT ASSETS	724	1069	1442	1842	2270
	CURRENT LIABILITIES	420	436	450	465	480
		= 1.73 TIMES	2.46 TIMES	3.20 TIMES	3.96 TIMES	4.73 TIMES
2. GROSS PROFIT RATIO	GROSS PROFIT	630	669	700	732	763
	SALES	3000	3150	3300	3450	3600
		= 21.00%	21.23%	21.22%	21.21%	21.20%
3. NET PROFIT RATIO	NET PROFIT	319	369	409	450	487
	SALES	3000	3150	3300	3450	3600
		= 10.65%	11.72%	12.41%	13.04%	13.53%
4. DSCR	PAT+DEP.+INTT. ON TERM LOAN	430	460	482	505	527
	INTEREST+LOAN INSTALMENT	128	118	108	99	46
		= 3.36 TIMES	3.89 TIMES	4.45 TIMES	5.12 TIMES	11.56 TIMES
5. INTT. COVERAGE RATIO	PAT+DEP.+INTT.	450	480	502	525	547
	INTEREST	65	55	45	35	25
		= 6.97 TIMES	8.76 TIMES	11.18 TIMES	14.94 TIMES	21.62 TIMES



M/S SPICE MILL				
ADDRESS: ZZZZZZZ				
Loan Amount Rs. 4,17,000				Annexture-6
Rate of Interest: 11.75%				
Tenure: 5 Years				(Rs. In '000)
Sl. No.	Installment	Interest	Principal	Balance Loan
1st Year	128	45	84	334
2nd Year	118	35	84	251
3rd Year	108	25	84	167
4th Year	99	15	84	84
5th Year	89	5	84	0

DISCLAIMER

This project report is only for the purpose of reference and will give an idea and guidance to budding and existing entrepreneurs on how to prepare a project Report. The readers will come to know about the key components of a project. Every earnest-effort has been made in collecting the data and information available on the subject from different offline and online sources. This report (including any enclosures and attachments) has been prepared solely for the purpose for which it is provided.

Department suggest entrepreneurs to survey the market properly to find the actual cost of fixed assets and working capital. The actual cost of the project or industry will vary according to different elements like location, local regulation, financial requirements of industry, capacity, type of industry, cost of resources and other direct and indirect costs related to the project.

Department hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content which is provided “as is” and “as available” basis without any warranties of any kind.

In no event shall Department will be liable for any damages whatsoever resulting from the use or inability to use the project report content.

Prepared by



**THE NATIONAL INSTITUTE FOR ENTREPRENEURSHIP AND
SMALL BUSINESS DEVELOPMENT (NIESBUD)**
(Ministry of Skill Development and Entrepreneurship, Govt. of India)
HEAD OFFICE : A-23, Sector-62, NOIDA-201309 (U.P.)
Web. : www.niesbud.nic.in
REGIONAL OFFICE : NSTI Campus, Green Park Colony, Niranjanpur,
PO - Majra, Dehradun - 248171 (Uttarakhand)