

READY-TO-EAT FOODS: VEG., SWEETS, RICE; VEG.:

1. INTRODUCTION:

With growing demand of convenience food across world, India is becoming one of largest producer and exporter of ready to eat food packets. Because of its benefits of less preparation time, nutritional adequacy, shelf life, storage and distribution, this industry is growing faster than any other food industry. India has abundant resources as farming is the most basic in economy plus technical and machinery expertise has brought India forward in Ready to Eat and Ready to Serve food industry.

2. PRODUCT & ITS APPLICATION:

Ready to eat foods (RTE) are convenience foods, enclosed in aluminum container or pouches that only need to be cut and heated before being served. Instant vegetables in retort pouches fall under this category and find application not only as home meal replacement in working class households but also in fast-food restaurants and multi cuisine food joints. These are handy meals for armed forces and paramilitary forces deployed in remote places. RTE food includes wide range of products viz. vegetarian / non-vegetarian, basic food / delectable desserts, south and north Indian items available from a specialty or multi cuisine restaurant & food joint only.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Successful running this project does not require any specific qualification.

4. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Domestic market for semi processed and RTE packaged food industry has estimated the growth rate of 25% and 40% in the metropolitan cities. Demand for ready-to-eat food is growing fastest in metros where a lot of working people don't get enough time to cook elaborate meals. According to retailers, the most popular heat-and-eat items include preparations of paneer, chana masala, rajma masala and pav bhaji. The demand for tomato puree and ketchup are commonly-used commodities due to high fluctuations of market prices of fresh tomatoes. The main categories of packaged food are canned/dried processed food, frozen processed food, meal replacement products and condiments.

5. RAW MATERIAL REQUIREMENTS:

Various food and farm products such as tomato, garlic, paneer, maida/wheat/suji flour, cheese, chana, onion, salt, spices, capsicum, corn, vegetables, fruits etc. are required to prepare various ready to eat food packets. For food grade packaging, it requires aluminum foil, food grade HDPE and bottles and cardboard boxes.

6. MANUFACTURING PROCESS:

For manufacturing Ready to Eat/Ready to serve food products, we require various processes to follow for different food products. First of all, raw material needs to be washed and cleaned thoroughly before usage. Then, vegetables and fruits have to be dried with vacuum or hot air oven. Some of them are cut and some of them are peeled and then they are fed into mixing tank. They are mixed with other vegetables and spices. Here, some food colors in specified quantity approved by health standards. This is process to prepare curries of various vegetables. Separate process of preparing dough and base for pizza, sandwich and paratha has to be carried out. For toppings, tomato puree can be made by washing, cleaning and then squashing and adding citric acid and preservatives for long shelf life. Tomato puree then will be applied on maida/wheat base and then the final product needs to be frozen for longer shelf life. For stuff paratha, onion/garlic paste needs to be prepared by

grinding onion, garlic with salt and spices together. There are various other processes need to be followed for preparing veg upma, biryani, chana/rajma masala, etc. These all food products are then sealed and packed in food grade plastic bags which have aluminum foil as inner liner.

7. MANPOWER REQUIREMENT:

The enterprise requires 22 employees as detailed below:

Sr. No.	Designation of Employees	Salary Per Person	Monthly Salary ₹	Number of employees required				
				Year-1	Year-2	Year-3	Year-4	Year-5
1	Operator	₹ 10,000.00	₹ 10,000.00	3	3	3	4	4
2	Un Skilled Workers	₹ 8,000.00	₹ 24,000.00	10	10	10	15	15
3	Accountant	₹ 12,000.00	₹ 12,000.00	1	1	1	1	1
4	Store Keeper	₹ 8,000.00	₹ 8,000.00	3	3	3	5	5
5	Sales Staff	₹ 12,000.00	₹ 24,000.00	5	5	5	8	8
	Total		₹ 78,000.00	22	22	22	33	33

8. IMPLEMENTATION SCHEDULE:

The project can be implemented in 6 – 8 months' time as detailed below:

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1.00
2	Construction (if applicable)	2.50
3	Procurement & installation of Plant & Machinery	2.50
4	Arrangement of Finance	1.00
5	Recruitment of required manpower	1.00
	Total time required (some activities shall run concurrently)	6.00 - 8.00

9. COST OF PROJECT:

The project shall cost ₹ 150.87 lacs as detailed below:

Sr. No.	Particulars	₹ in Lacs
1	Land	4.30
2	Building	2.20
3	Plant & Machinery	31.93
4	Furniture, other Misc. Equipments	0.50
5	Other Assets including Preliminary / Pre-operative expenses	3.19
6	Margin for Working Capital	108.75
	Total	150.87

10. MEANS OF FINANCE:

Bank term loans are assumed @ 60% of fixed assets. The proposed funding pattern is as under:

Sr. No.	Particulars	₹ in Lacs
1	Promoter's contribution	37.72
2	Bank Finance	113.15
	Total	150.87

11. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹108.75 lacs as detailed below:

Sr. No.	Particulars	Gross Amt	Margin %	Margin Amt	Bank Finance
1	Inventories	54.38	0.25	13.59	40.78
2	Receivables	27.19	0.25	6.80	20.39
3	Overheads	27.19	100%	27.19	0.00
4	Creditors	-		0.00	0.00
	Total	108.75		47.58	61.17

12. LIST OF MACHINERY REQUIRED:

A detail of important machinery is given below:

Sr. No.	Particulars	UOM	Qty	Rate (₹ in Lacs)	Value (₹ in Lacs)
	Plant & Machinery / equipments				
a)	Main Machinery				
1	Blancher	Nos	3	₹ 2.50	₹ 7.50
2	Pulveriser	Nos	3	₹ 2.00	₹ 6.00
3	Automatic Slicer	Nos	2	₹ 1.05	₹ 2.10
4	Peeling Machine	Nos	2	₹ 1.32	₹ 2.64
5	Steam Jacketed SS Equipment	Nos	5	₹ 0.65	₹ 3.25
6	Vegetable Washer	Nos	2	₹ 0.60	₹ 1.20
7	Mini Boiler	Nos	2	₹ 0.75	₹ 1.50
8	Pulping Machine	Nos	2	₹ 0.80	₹ 1.60
9	Hand Flange Rectifier	Nos	1	₹ 1.10	₹ 1.10
10	SS Storage tanks	Nos	5	₹ 0.55	₹ 2.75
11	Packing, Filling and Sealing Machine	Nos	2	₹ 0.43	₹ 0.86
12	Weighing Scale	Nos	3	₹ 0.18	₹ 0.54
13	Material Handling Equipment	Nos	LS	₹ 0.52	₹ 0.52
14	Misc. Tools	Nos	LS	₹ 0.37	₹ 0.37
	<i>sub-total Plant & Machinery</i>				₹ 31.93
	Furniture / Electrical installations				
1	Office furniture and Electrification	LS	1	₹ 0.50	₹ 0.50
	<i>sub total</i>				₹ 0.50
	Other Assets				
1	preliminary and preoperative	LS		3.19	₹ 3.19
	<i>sub-total Other Assets</i>				₹ 3.19
	Total				₹ 35.62

13. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year-1	Year-2	Year-3	Year-4	Year-5
1	Capacity Utilization	%	60%	70%	80%	90%	100%
2	Sales	₹. In Lacs	345.00	402.50	460.00	517.50	575.00
3	Raw Materials & Other direct inputs	₹. In Lacs	272.13	317.49	362.84	408.20	453.55
4	Gross Margin	₹. In Lacs	72.87	85.02	97.16	109.31	121.45
5	Overheads except interest	₹. In Lacs	25.26	26.83	29.99	30.94	31.57
6	Interest @ 10 %	₹. In Lacs	11.32	11.32	7.54	5.66	4.53
7	Depreciation @ 30 %	₹. In Lacs	22.35	15.97	11.18	7.98	7.18
8	Net Profit before tax	₹. In Lacs	13.95	30.90	48.45	64.73	78.17

14. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 29.72% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales at full capacity	₹. In Lacs	575.00
2	Variable costs	₹. In Lacs	453.55
3	Fixed costs incl. interest	₹. In Lacs	36.10
4	$BEP = FC/(SR-VC) \times 100 =$	% of capacity	29.72%