PROJECT REPORT

Of

READY TO EAT NOODLES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Ready to Eat Noodles**

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

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PROJECT AT A GLANCE

1	Name of the Entreprenuer		XXXXXXX	
2	Constitution (legal Status)	:	XXXXXXX	
3	Father's / Spouce's Name		XXXXXXXX	
4	Unit Address	:	XXXXXXXX	
			Taluk / Block:	
			District :	XXXXX
			State:	XXXXX
			Pin:	XXXXX
			E-Mail :	XXXXX
			Mobile	XXXXX
5	Product and By Product	:	Ready to Eat Noodle	
6	Name of the project / business activity proposed :		Manufacturing Unit of Ready to eat noodles	
7	Cost of Project	:	Rs. 23.66 Lacs	
8	Means of Finance			
	Term Loan		Rs. 16.29 Lacs	
	KVIC Margin Money		As per Project Eligibility	
	Own Capital		Rs. 2.37 Lacs	
9	Debt Service Coverage Ratio	:	2.49	
10	Pay Back Period	:	5 Years	Years
11	Project Implementation Period	:	2 Months	Months
12	Break Even Point	:	25%	
13	Employment	:	9	
14	Power Requirement	:	7	KW
15	Major Raw materials	:	wheat Flour,Salt, Spices etc	
16	Estimated Annual Sales Turnover	:	Rs. 112.50 Lacs	
17	Detailed Cost of Project & Means of Finance			

COST OF PROJECT

MEANS OF FINANCE

(Rs. In Lacs)

Particulars	Amount	Particulars	Amount
Land	Rented / Owned	Own Contribution 10%	2.37
Building & Civil Work	3.00	Term Loan	16.29
Plant & Machinery	13.10	Working capital	5.00
Furniture & Fixtures	2.00		
Working Capital	5.56		
Total	23.66	Total	23.66

			General	Special
		KVIC Margin Monery Urban	15%	25%
18	PLANT & MACHINERY	KVIC Margin Monery Rural	25%	35%

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Steam Boiler			1,50,000.00
Vertical type Powder Mixer			75,000.00
Dough Maker			50,000.00
Noodle Making Extrusion machine			5,00,000.00
Tray Dryer			1,75,000.00
Wooden Tray			35,000.00
Utensils			15,000.00
Water storage Tank			5,000.00
Weighing Machine & Balances			20,000.00
Working Tables			10,000.00
Pouch Packaging Machine			1,25,000.00
Other Equipments(Lab & Pollution Control epuipments)			1,00,000.00
Add: Electrification & Installation			50,000.00
TOTAL			13,10,000.00

READY TO EAT NOODLE

I. Introduction:

Cereals like wheat, rice, maize and millets are staple food grain for majority of population around the world. These are the rich source of carbohydrates and supply of calorie and other nutrients to the consumers. Apart from value addition by processing to traditional products from these grains, development of newer products offers Variety, Convenience, Quality, Cost efficiency and Scope for increasing nutritional value. In the developed countries many convenience foods are prepared by extrusion process using extruder, as it offers a large number of desired characteristic to be incorporated in the product. NOODLES are a form of pasta that is becoming extremely popular in India even as Continental and Italian delicacy.

Instant Noodles is prepared by means of an extrusion machine that is basically made of an stainless steel make strips, either flat(rolled and Cut) or Oval round(Extruded). The process is quite simple and requires not much skilled labour. The machine itself is high technology and provides the manufacturers to produce pasta with several alternatives materials (like Maida, Suji, Rava, Rice flour and so on) and in different shapes (like Spaghetti, Fettuccini, Vermicelli, Maccaroni, Fusilli, Penne, etc.) of Pasta and Noodles.These products can be described as Hard, Brittle pieces, Formed into different shapes by extruding , cutting and drying tough dough made from semolina or farina mixed with water.

II. Market Potential & Scope:

This type of ready-to-eat food items is very popular in the developed countries because of its versatility of form, composition and ease of preparation at consumer end, which has made these products so widely, accepted world over. There is a very large and growing market. Urban market is captured by some national brands as mentioned earlier. But there is a good scope in semi-urban and certain rural markets as the branded products which are sold at about Rs. 100/- per kg. are considered to be costly. At the same time, these markets are familiar with noodles due to constant hammering by the established brands by way of advertisements. Thus, it will not amount to concept selling.

A good product with attractive packaging and affordable price of around Rs.60-65 per kg has good potential. Creation of proper distribution network and product advertisement through vernacular media is also necessary. In other words, good quality, affordable pricing and concentration on semi-urban and upcoming rural markets are the key factors.

At present the market of Noodles, especially in the urban areas, is dominated by brands likes MAGGI & TOP RAMAN. Some medium & small companies are also engaged in its production. The presence of a demand supply gap can be observed which may leads ample scope for a unit to come up in this product sector to cater especially to the semi urban and rural sectors of north India. Besides the boom in the food service sector including fast food chain, has widened the demand potential for Noodles. Experiments have shown that advertisement and publicity have influenced the pattern of consumption of Noodles/ Pasta products. Besides, Noodles/ Pasta products have good export potential especially in the Middle East/ Europe.

III. Basis & Presumption:

1. The Project Profile has been prepared on the basis of Single Shift of 8-hrs. a day and 25-working days in a month at 75% efficiency.
2. It is presumed that Ist year, the capacity utilization will be 70% followed by 85% in the next year and 100% in the subsequent year.
3. Depreciation on machinery & equipments has been taken @ 15% minimum. Depreciation on office furniture has been taken @ 10 % per annum.
4. The rates quoted in respect of salaries and wages for skilled worker and others are on the basis of minimum rates in the State of U.P.
5. Interest rate for the fixed and working capital has been taken @ 12% on an average whether financed by the Bankers or Financial Institutional.
6. The margin money required is minimum (25% of the total capital investment).
7. The rental value for the accommodation of office, workshop and other covered area has been taken @ Rs. 150/- per Sq. mtr .
8. The rate quoted in respect of machinery, equipment and raw materials are those prevailing at the time of preparation of the Project Profile and are likely to vary from place to place and suppliers to suppliers. When a tailor made project profile is prepared, necessary changes are to be made.
9. The payback period may be 5-years after the initial gestation period.
10. The gestation period in implementation of the project may be to the tune of 6 to 9 months which includes making all arrangements, completion of all formalities, market surveys and tie-ups etc. Once all the above arrangements are made and quality/standards achieved the 100% project capacity may be achieved at the end of three years.
11. To run the unit the balance period of the year, other fruits products such as squashes and juices can be prepared with addition of a few machinery and equipments.

IV. Technical Aspect

a. Manufacturing Process:

Process outline:

Noodles is the term being used to designate products made from blend of flour , the major component of which is rice flour, buck wheat flour , wheat flour, and from bean , potato , mung bean and corn starch. The major manufacturing process is depend on the presence or absence of gluten. Small amounts of nutrients may be added but these do not affect the organoleptic qualities or processing properties of the material. Water is added in the extrusion step and is removed by drying , except when it is sold as fresh product. Wheat flour noodles are usually produced by sheeting and rolling , while other types are typically produced by extrusion or batter cooking methods. The raw material for Rice noodles is non-glutinous rice which is elastic and enables formation of dough that is easy for extrusion. The Traditional noodles have been modernized and globalised in the form of Instant Noodles. Both rice and wheat flour type instant noodles are steamed and dried or steamed and fried after the cutting stage. The modern instant noodle are steamed and fried in Hydrogenated Vegetable Oil , have a fat content of about 20% and added salt and edible gum and a Shelf Life of 6-8 Month. Instant noodles are fast cooking, needing 2-3 minute boiling or re-hydration in boiling water. Noodles manufactured in different size, hollow as well as solid. The flavour and taste in the instant noodle is created during the re-hydration in boiling

water by adding a mix known as tastemaker of different flavour and taste having hydrolyzed vegetable protein, Sugar, spices, onion powder, edible starch, oil, citric acid, caramel and salt and added flavour.

b. Quality Control & Standards:

The Bureau of Indian Standards has laid down the following specifications for Noodles: Makaroni, Spaghetti, Vermicelli, and Egg Noodles (2nd Revision) - IS1485 1993

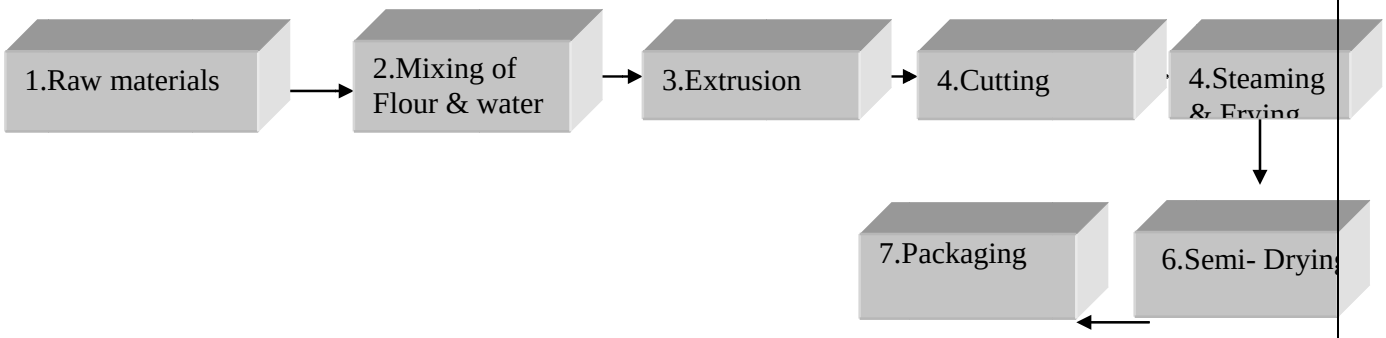
The details of specification can be obtained from the Bureau of Indian Standards, Manak Bhawan, 9, Bahadur Shah Zafar Marg , New Delhi-110 002.

The ISO 22000 and HACCP standards promise a team work which may guide the entrepreneurs towards fulfillment of a commitment for quality of products.

c. Pollution Control:

There is no major pollution problem associated with the project. The entrepreneurs may however, contact the concerned State Pollution Control Board for detailed guidance in the matter. Minimum height of shed will be maintained with exhaust fans for removing decongestion and proper ventilation, etc.

d. Process Flow Chart for the preparation of Noodles



Assumptions of the Project:

1 The Manufacturing Capacity of the unit is 200 tonnes per annum i.e. 1000000 pouch

2 The average size of land & Buiding required for the project is 200 sq.mtr

3 The Unit shall be operational for 8 hours per day for 300 days in year

4 The Main raw materials required for the unit are:
Wheat flour / Maida
Sugar / Common Salt
Spices, Garlic, ginger
Sodium Bicarbonate / colour
Cartons, Labels, other packing material etc

5 The Finished Product shall be packed in a single pouch of 200 gms.

6 The average sale price of 200gm Ready to eat noodle packet has been taken to be Rs. 15 per packet

7 An average increase of 10% has been taken in the sale price of the product

6 An average increase of 10% has been taken in the expenses on year on year basis

7 The Electrical power load required for the project is 10hp.

8 The capacity utilization of project for 1st year has been taken at 75%

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
SOURCES OF FUND					
Capital Account	2.37	2.37	2.37	2.37	2.37
Retained Profit	5.26	11.52	19.00	27.18	37.31
Term Loan	14.49	10.89	7.29	3.69	-
Cash Credit	5.00	5.00	5.00	5.00	5.00
Sundry Creditors	3.95	4.00	4.40	4.90	5.35
Provisions & Other Liab	0.50	0.60	0.66	0.73	0.80
TOTAL :	**31.56**	**34.37**	**38.71**	**43.86**	**50.82**
APPLICATION OF FUND					
Fixed Assets (Gross)	18.10	18.10	18.10	18.10	18.10
Gross Dep.	2.37	4.50	6.33	7.91	9.27
Net Fixed Assets	15.74	13.60	11.77	10.19	8.83
Current Assets					
Sundry Debtors	5.63	6.19	6.80	7.50	8.25
Stock in Hand	8.00	10.00	12.00	14.00	16.00
Cash and Bank	0.20	2.38	5.72	9.51	14.81
Other Current Assets	2.00	2.20	2.42	2.66	2.93
TOTAL :	**31.56**	**34.37**	**38.71**	**43.86**	**50.82**
	-	-	-	-	-

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
SOURCES OF FUND					
Share Capital	2.37	-			
Reserve & Surplus	7.01	8.34	9.97	10.92	13.50
Depriciation & Exp. W/off	2.37	2.13	1.83	1.58	1.36
Increase in Cash Credit	5.00	-	-	-	-
Increase In Term Loan	16.29	-	-	-	-
Increase in Creditors	3.95	0.05	0.40	0.50	0.45
Increase in Provisions	0.50	0.10	0.06	0.07	0.07
TOTAL :	**37.48**	**10.62**	**12.27**	**13.06**	**15.38**
APPLICATION OF FUND					
Increase in Fixed Assets	18.10	-	-	-	-
Increase in Stock	8.00	2.00	2.00	2.00	2.00
Increase in Debtors	5.63	0.56	0.61	0.70	0.75
Increase in Other Current Assets	2.00	0.20	0.22	0.24	0.27
Repayment of Term Loan	1.80	3.60	3.60	3.60	3.69
Taxation	1.75	2.09	2.49	2.73	3.37
TOTAL :	**37.28**	**8.45**	**8.93**	**9.27**	**10.08**
Opening Cash & Bank Balance	-	0.20	2.38	5.72	9.51
Add : Surplus	0.20	2.18	3.34	3.79	5.30
Closing Cash & Bank Balance	**0.20**	**2.38**	**5.72**	**9.51**	**14.81**

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Capacity Ulisation %					
A) SALES					
Gross Sale	112.50	123.75	136.00	150.00	165.00
Total (A)	**112.50**	**123.75**	**136.00**	**150.00**	**165.00**
B) COST OF SALES					
Raw Material	79.00	80.00	88.00	98.00	107.00
Elecricity Expenses	1.43	1.58	1.73	1.91	2.10
Repair & Maintenance	2.25	2.48	2.72	3.00	3.30
Labour & Wages	4.80	5.28	5.81	6.39	7.03
Depriciation	2.37	2.13	1.83	1.58	1.36
Other Direct Expenses	2.25	2.48	2.72	3.00	3.30
Cost of Production	92.10	93.94	102.81	113.87	124.09
Add: Opening Stock /WIP	-	8.00	10.00	12.00	14.00
Less: Closing Stock /WIP	8.00	10.00	12.00	14.00	16.00
Cost of Sales (B)	84.10	91.94	100.81	111.87	122.09
C) GROSS PROFIT (A-B)	28.40	31.81	35.19	38.13	42.91
	25%	**26%**	**26%**	**25%**	**26%**
D) Bank Interest (Term Loan)	1.32	1.45	1.05	0.65	0.26
Bank Interest (C.C. Limit)	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	9.96	10.96	12.05	13.26	14.58
F) Selling & Adm Expenses Exp.	9.56	10.52	11.56	12.75	14.03
TOTAL (D+E)	**21.39**	**23.47**	**25.21**	**27.21**	**29.41**
H) NET PROFIT	7.01	8.34	9.97	10.92	13.50
I) Taxation	1.75	2.09	2.49	2.73	3.37
J) PROFIT (After Tax)	5.26	6.26	7.48	8.19	10.12
K) DIVIDEND	-	-	-	-	-
L) RETAINED PROFIT	5.26	6.26	7.48	8.19	10.12

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Total		Own		Bank
	Amount		Margin		Finance
Stock in Hand	8.00	25%	2.00	75%	6.00
Sundry Debtors	5.63	25%	1.42	75%	4.21
	13.63		3.42		10.21
Sundry Creditors	3.95		-		3.95
	9.68		**3.42**		**6.26**
WORKING CAPITAL (HYP) FRESH DEMAND			**5.00**		

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		8,000.00	2	16,000.00
Unskilled Worker		6,000.00	4	24,000.00
				40,000.00

4.80

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		20,000.00	1	20,000.00
Accountant		14,000.00	1	14,000.00
Supervisor		10,000.00	1	10,000.00
Food Technologist		15,000.00	1	15,000.00
Salesman		12,000.00	2	24,000.00
Total Salary Per Month				83,000.00

COMPUTATION OF ELECTRICITY

POWER CONNECTION				
Electric Load Required			10	hp
Load Factor			0.746	
Total Working Days			300	
No. of hours/day			8	hours
Total Load required			17904.00	kw
Electricity charges			8	Rs/unit
			1.43	Rs. In Lacs

COMPUTATION OF DEPRECIATION

Description	Land	Building	Plant & Machinery	Furniture	**TOTAL**
Rate of Depreciation		**10.00%**	**15.00%**	**10.00%**	
Opening Balance	Leased	-	-	-	-
Addition	-	3.00	13.10	2.00	18.10
	-	3.00	13.10	2.00	18.10
Less : Depreciation	-	0.30	1.97	0.10	2.37
WDV at end of Ist year	-	2.70	11.14	1.90	15.74
Additions During The Year	-	-	-	-	-
	-	2.70	11.14	1.90	15.74
Less : Depreciation	-	0.27	1.67	0.19	2.13
WDV at end of IInd Year	-	2.43	9.46	1.71	13.60
Additions During The Year	-	-	-	-	-
	-	2.43	9.46	1.71	13.60
Less : Depreciation	-	0.24	1.42	0.17	1.83
WDV at end of IIIrd year	-	2.19	8.05	1.54	11.77
Additions During The Year	-	-	-	-	-
	-	2.19	8.05	1.54	11.77
Less : Depreciation	-	0.22	1.21	0.15	1.58
WDV at end of IV year	-	1.97	6.84	1.39	10.19
Additions During The Year	-	-	-	-	-
	-	1.97	6.84	1.39	10.19
Less : Depreciation	-	0.20	1.03	0.14	1.36
WDV at end of Vth year	-	1.77	5.81	1.25	8.83

REPAYMENT SCHEDULE OF TERM LOAN

11%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Cl Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	16.29	16.29	-	-	16.29
	Iind Quarter	16.29	-	16.29	0.45	-	16.29
	IIIrd Quarter	16.29	-	16.29	0.45	0.90	15.39
	Ivth Quarter	15.39	-	15.39	0.42	0.90	14.49
					1.32	1.80	
IIND YEAR	Opening Balance						
	Ist Quarter	14.49	-	14.49	0.40	0.90	13.59
	Iind Quarter	13.59	-	13.59	0.37	0.90	12.69
	IIIrd Quarter	12.69	-	12.69	0.35	0.90	11.79
	Ivth Quarter	11.79		11.79	0.32	0.90	10.89
					1.45	3.60	
IIIRD YEAR	Opening Balance						
	Ist Quarter	10.89	-	10.89	0.30	0.90	9.99
	Iind Quarter	9.99	-	9.99	0.27	0.90	9.09
	IIIrd Quarter	9.09	-	9.09	0.25	0.90	8.19
	Ivth Quarter	8.19		8.19	0.23	0.90	7.29
					1.05	3.60	
IVTH YEAR	Opening Balance						
	Ist Quarter	7.29	-	7.29	0.20	0.90	6.39
	Iind Quarter	6.39	-	6.39	0.18	0.90	5.49
	IIIrd Quarter	5.49	-	5.49	0.15	0.90	4.59
	Ivth Quarter	4.59		4.59	0.13	0.90	3.69
					0.65	3.60	
VTH YEAR	Opening Balance						
	Ist Quarter	3.69	-	3.69	0.10	0.90	2.79
	Iind Quarter	2.79	-	2.79	0.08	0.90	1.89
	IIIrd Quarter	1.89	-	1.89	0.05	0.90	0.99
	Ivth Quarter	0.99		0.99	0.03	0.99	- 0.00
					0.26	3.69	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
CASH ACCRUALS	7.62	8.39	9.31	9.77	11.49
Interest on Term Loan	1.32	1.45	1.05	0.65	0.26
Total	8.94	9.83	10.36	10.42	11.74
REPAYMENT					
Instalment of Term Loan	1.80	3.60	3.60	3.60	3.69
Interest on Term Loan	1.32	1.45	1.05	0.65	0.26
Total	3.12	5.05	4.65	4.25	3.95
DEBT SERVICE COVERAGE RATIO	**2.87**	**1.95**	**2.23**	**2.45**	**2.97**
AVERAGE D.S.C.R.			**2.49**		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	112.50	123.75	136.00	150.00	165.00
Less : Op. WIP Goods	-	8.00	10.00	12.00	14.00
Add : Cl. WIP Goods	8.00	10.00	12.00	14.00	16.00
Total Sales	**120.50**	**125.75**	**138.00**	**152.00**	**167.00**
Variable & Semi Variable Exp.					
Raw Material & Tax	79.00	80.00	88.00	98.00	107.00
Electricity Exp/Coal Consumption at 85%	1.22	1.34	1.47	1.62	1.78
Manufacturing Expenses 80%	1.80	1.98	2.18	2.40	2.64
Wages & Salary at 60%	2.88	3.17	3.48	3.83	4.22
Selling & adminstrative Expenses 80%	9.45	10.40	11.42	12.60	13.86
Intt. On Working Capital Loan	0.55	0.55	0.55	0.55	0.55
Total Variable & Semi Variable Exp	**94.90**	**97.43**	**107.11**	**119.00**	**130.05**
Contribution	**25.60**	**28.32**	**30.89**	**33.00**	**36.95**
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.45	0.50	0.54	0.60	0.66
Electricity Exp/Coal Consumption at 15%	0.21	0.24	0.26	0.29	0.31
Wages & Salary at 40%	1.92	2.11	2.32	2.56	2.81
Interest on Term Loan	1.32	1.45	1.05	0.65	0.26
Depreciation	2.37	2.13	1.83	1.58	1.36
Selling & adminstrative Expenses 20%	2.36	2.60	2.86	3.15	3.47
Total Fixed Expenses	**8.63**	**9.02**	**8.87**	**8.82**	**8.87**
Capacity Utilization	**75%**	**75%**	**75%**	**75%**	**75%**
OPERATING PROFIT	**16.97**	**19.30**	**22.03**	**24.17**	**28.08**
BREAK EVEN POINT	**25%**	**24%**	**22%**	**20%**	**18%**
BREAK EVEN SALES	**40.62**	**40.04**	**39.61**	**40.65**	**40.08**

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