

PROJECT REPORT

Of

CRISPY CORN SNACKS

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Crispy corn snacks making unit.

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 Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **CRISPY CORN SNACKS**
- 6 Name of the project / business activity proposed : **CRISPY CORN SNACKS MAKING UNIT**
- 7 Cost of Project : Rs.15.96 Lakhs
- 8 Means of Finance
- Term Loan Rs.9.45 Lakhs
- Own Capital Rs.1.6 Lakhs
- Working Capital Rs.4.92 Lakhs
- 9 Debt Service Coverage Ratio : 2.79
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 28%
- 13 Employment : 11 Persons
- 14 Power Requirement : 25.00 HP
- 15 Major Raw materials : Corn Flour, Salt, vegetable oil, Chilli, turmeric, onion powder, ginger powder and pepper.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 119.33 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	10.00
Furniture & Fixtures	0.50
Working Capital	5.46
Total	15.96

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.60
Working Capital(Finance)	4.92
Term Loan	9.45
Total	15.96

CRISPY CORN SNACKS MAKING UNIT

Introduction:

Extruded snacks are a type of snack prepared through the extrusion process, in which raw materials such as starch-rich materials such as corn, maize, wheat, rice, potato flour, and so on are ground to the correct particle size, usually the consistency of coarse flour, and then transformed into hot melt fluids or dry mixes. This mixture is passed through a preconditioner, where other ingredients, such as liquid sugar, fats, dyes, meats, or water, are added, depending on the target product. To begin the cooking process, steam is pumped, and the preconditioned mix (extrude) is then passed through an extruder, where it is expanded or puffed. Extrusion cooking is the most recent and advanced technology to produce ready-to-eat snacks. Extrusion cooking necessitates a higher temperature and a shorter cooking time. Extrusion cooking is a common processing method in the food industry because it is a cost-effective manufacturing method. Extrusion cooking produces products with low density, high expansion, and a distinctive texture by combining high temperature, high pressure, and high force. Extrusion allows you to change the functional and rheological properties of food ingredients in addition to the normal advantages of heat production.



Uses & Market Potential:

Snacks give energy during the day or when you exercise. A balanced snack in between meals can help to feel fuller and avoid overeating at mealtime. Snacks are small portions of food consumed between meals. RTE Snacks are available in a number of formats, extruded food, including canned snack foods and other processed foods, as well as items prepared at home with fresh ingredients.

The Indian extruded snacks market is expanding rapidly and is expected to grow at a high CAGR through 2021, owing to changing consumer tastes and preferences, rising demand for different snack flavors, increasing acceptance of western snacks in the country's traditional diet, rising disposable income, and the availability of extruded snacks at low prices. Furthermore, major companies such as PepsiCo, ITC, and others are constantly introducing new products and investing heavily in marketing and advertising, with extruded snack advertisements visible even in remote areas of the region. Because of the presence of states like Gujarat and Maharashtra, where extruded snack consumption is considered to be the highest in India, increasing purchasing power, and shifting customer taste preferences, the West India region currently accounts for the largest share of the extruded snacks market in India. Due to high population density, a growing middle-class population, a significant proportion of youth and working-age people, and other factors. In India's extruded snack industry, the North is projected to have the second-largest market share.

Product:

Crispy corn snacks

Raw Material:

Basic raw material is Corn flour, salt, vegetable oil, Chilli, turmeric, onion powder, ginger powder and pepper.

Manufacturing Process:



Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1200-1800Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Raw material mixer	1	150000	150000
Crispy corn snacks type extrusion machine	1	220000	220000
Rectangular batch tilting fryer with heat exchanger	1	350000	350000
Packaging machine	1	180000	180000
Material handling and other equipment's	-	100000	100000
Total Amount			1000000

Power Requirement- The estimated Power requirement is taken at 25 HP.

Manpower Requirement- Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	61.13	76.57	89.91	103.84	119.33
Total (A)	61.13	76.57	89.91	103.84	119.33
<u>B) COST OF SALES</u>					
Raw Material Consumed	35.10	41.77	48.69	55.87	63.32
Electricity Expenses	1.68	1.96	2.24	2.52	2.80
Repair & Maintenance	1.53	1.91	2.25	2.60	2.98
Labour & Wages	12.35	15.44	18.52	21.86	25.35
Depreciation	1.55	1.32	1.12	0.96	0.82
Cost of Production	52.20	62.40	72.82	83.80	95.27
Add: Opening Stock /WIP	-	2.61	3.12	3.64	4.19
Less: Closing Stock /WIP	2.61	3.12	3.64	4.19	4.76
Cost of Sales (B)	49.59	61.89	72.30	83.25	94.69
C) GROSS PROFIT (A-B)	11.54	14.68	17.62	20.59	24.63
	18.87%	19.18%	19.59%	19.83%	20.64%
D) Bank Interest i) (Term Loan)	1.03	0.84	0.61	0.38	0.14
ii) Interest On Working Capital	0.54	0.54	0.54	0.54	0.54
E) Salary to Staff	5.67	6.92	8.30	9.55	11.07
F) Selling & Adm Expenses Exp.	1.10	2.14	2.88	3.63	4.77
G) TOTAL (D+E+F)	8.34	10.44	12.33	14.10	16.53
H) NET PROFIT	3.20	4.25	5.29	6.50	8.10
	5.2%	5.5%	5.9%	6.3%	6.8%
I) Taxation	-	-	0.19	0.44	0.78
J) PROFIT (After Tax)	3.20	4.25	5.10	6.06	7.33

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.60	-	-	-	-
Reserve & Surplus	3.20	4.25	5.29	6.50	8.10
Depreciation & Exp. W/off	1.55	1.32	1.12	0.96	0.82
Increase In Cash Credit	4.92	-	-	-	-
Increase In Term Loan	9.45	-	-	-	-
Increase in Creditors	1.76	0.33	0.35	0.36	0.37
TOTAL :	22.47	5.90	6.76	7.81	9.29
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	10.50	-	-	-	-
Increase in Stock	4.37	0.84	0.87	0.91	0.95
Increase in Debtors	2.85	0.72	0.62	0.65	0.72
Repayment of Term Loan	1.05	2.10	2.10	2.10	2.10
Taxation	-	-	0.19	0.44	0.78
Drawings	2.50	2.80	3.40	3.80	4.50
TOTAL :	21.27	6.46	7.18	7.90	9.04
Opening Cash & Bank Balance	-	1.20	0.64	0.22	0.13
Add : Surplus	1.20	- 0.57	- 0.42	- 0.09	0.25
Closing Cash & Bank Balance	1.20	0.64	0.22	0.13	0.38

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(15 Days requirement)	2.61	3.12	3.64	4.19	4.76
Raw Material					
(15 Days requirement)	1.76	2.09	2.43	2.79	3.17
Closing Stock	4.37	5.21	6.08	6.98	7.93

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.37		
Less:			
Sundry Creditors	1.76		
Paid Stock	2.61	0.26	2.35
Sundry Debtors	2.85	0.29	2.57
Working Capital Requirement			4.92
Margin			0.55
MPBF			4.92
Working Capital Demand			4.92

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	9.45	9.45	0.26	-	9.45
	Iind Quarter	9.45	-	9.45	0.26	-	9.45
	IIIrd Quarter	9.45	-	9.45	0.26	0.53	8.93
	Ivth Quarter	8.93	-	8.93	0.25	0.53	8.40
					1.03	1.05	
II	Opening Balance						
	Ist Quarter	8.40	-	8.40	0.23	0.53	7.88
	Iind Quarter	7.88	-	7.88	0.22	0.53	7.35
	IIIrd Quarter	7.35	-	7.35	0.20	0.53	6.83
	Ivth Quarter	6.83		6.83	0.19	0.53	6.30
					0.84	2.10	
III	Opening Balance						
	Ist Quarter	6.30	-	6.30	0.17	0.53	5.78
	Iind Quarter	5.78	-	5.78	0.16	0.53	5.25
	IIIrd Quarter	5.25	-	5.25	0.14	0.53	4.73
	Ivth Quarter	4.73		4.73	0.13	0.53	4.20
					0.61	2.10	
IV	Opening Balance						
	Ist Quarter	4.20	-	4.20	0.12	0.53	3.68
	Iind Quarter	3.68	-	3.68	0.10	0.53	3.15
	IIIrd Quarter	3.15	-	3.15	0.09	0.53	2.63
	Ivth Quarter	2.63		2.63	0.07	0.53	2.10
					0.38	2.10	
V	Opening Balance						
	Ist Quarter	2.10	-	2.10	0.06	0.53	1.58
	Iind Quarter	1.58	-	1.58	0.04	0.53	1.05
	IIIrd Quarter	1.05	-	1.05	0.03	0.53	0.52
	Ivth Quarter	0.52		0.52	0.01	0.53	- 0.00
					0.14	2.10	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	4.75	5.57	6.22	7.01	8.14
Interest on Term Loan	1.03	0.84	0.61	0.38	0.14
Total	5.78	6.40	6.83	7.39	8.29
<u>REPAYMENT</u>					
Repayment of Term Loan	1.05	2.10	2.10	2.10	2.10
Interest on Term Loan	1.03	0.84	0.61	0.38	0.14
Total	2.08	2.94	2.71	2.48	2.24
DEBT SERVICE COVERAGE RATIO	2.78	2.18	2.52	2.98	3.69
AVERAGE D.S.C.R.			2.79		

Assumptions:

1. Production Capacity of Crispy corn snacks making unit is taken at 650 KG per day. First year, Capacity has been taken @ 30%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 15 days.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 25 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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