



Model Detailed Project Report

MOUTH FRESHNER (FLAVOURED)

Prepared by

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1. INTRODUCTION

MOUTH FRESHNER (FLAVOURED)



Mouth Freshener known as Mukhwas is an after-meal snack or digestive aid widely used as a mouth freshener. Unlike the common idea of mouth freshener which is associated with mint or mint sprays, mukhwas generally contain various seeds and nuts, like fennel seeds, anise seeds and sesame seeds to name a few. Mouth fresheners help freshen the breath, cover up bad odor and maintain good oral hygiene.

Indian meals are divided in multiple courses and is heavy in nature, therefore mukhwas /mouth fresheners become an essential part of the meal, as it acts both as a digestive aid after a heavy meal and breath freshener. Several Indian restaurants too serve mukhwas after the meal.

2. MARKET POTENTIAL:

The global mouth freshener market was worth USD 12.31 billion in 2018 and is expected to expand at a significant CAGR of 5.0% during the forecast

period. Increasing awareness regarding oral care is among the prominent factors driving growth. Moreover, increasing the usage of tobacco and alcohol is propelling product demand.

Furthermore, the high consumption of junk food, tobaccos, and alcohol has led to an increase in oral problems such as plaque, stained teeth, and bad odor. For instance, according to the World Health Organization (WHO), half of the global population suffers from oral problems. This factor is anticipated to drive the adoption of mouth fresheners, which in turn is projected to drive the mouth freshener market growth.

3. PRODUCT DESCRIPTION

3.1 Raw Material sources

Following raw material is required as the major raw material for the mouth freshener manufacturing process.

S.N.	Description	Amount
1	plain fennel	Rs. 90-110 Per KG
2	Dry Dates	Rs. 180-200 Per KG
3	Cardamom	Rs.1000 Per KG
4	Sugar candy (Mishri)	Rs. 40-50 Per KG
5	Mint Ball	Rs. 300-350 Per KG
6	Parafin Oil	Rs.120-150 Per Liter
7	Sugar coated Fennel	Rs.160-170 Per KG

Average raw material (cost per KG): Rs. 250-300

3.2 MANUFACTURING PROCESS

- Procurement of raw material.
- Putting all the raw material into the mixer machine for mixing of ingredients.
- Sent the mixture into packaging section after mixing process.
- Packaging and wrapping of raw material with the help of packaging machine.
- Marking of Batch number, Date of manufacturing and expiry date with the help of coding machine.
- Packaging of goods in carton.
- Transportation of goods according to market demand.

4. PROJECT COMPONENTS

4.1 Land

Land required 900-1000 square feet approx.

Approximate rent for the same is Rs.18000-20000 per month.

4.2 Plant & Machinery

S.N.	Item Description	Image
1	Mixing Machine	

2	Packaging machine	
3	Batch Coder	

Note: cost of the machinery is approx. Rs. 7,00,000 excluding GST and other transportation cost.

4.3 Misc. Assets

S.N.	Item Description	Rate
1	Electricity connection	50,000
2	Furniture and equipment's	50,000

4.4 Power Requirement

The borrower shall require power load of 8-10 HP which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall also purchase DG Set.

4.5 Manpower Requirement

5-6 Manpower are required for the Mouth freshener Manufacturing unit.

Includes:

2 Skilled Labour

2 Unskilled Labour

1-2 Helper

5. FINANCIALS

5.1 Cost of Project

COST OF PROJECT	
(in Lacs)	
PARTICULARS	Amount
Land & Building	Owned/rented
Plant & Machinery	7.00
miscellaneous Assets	1.00
Working capital	3.33
Total	11.33

5.2 Means of Finance

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution (min 10%)	1.13
Subsidy @35%(Max. Rs 10 Lac)	2.80
Term Loan @ 55%	4.40
Working Capital (bank Finance)	3.00
Total	11.33

5.3 Projected Balance Sheet

(in Lacs)					
PROJECTED BALANCE SHEET					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		4.87	5.54	6.31	7.67
<i>Add:- Own Capital</i>	1.13				
Add:- Retained Profit	0.93	1.92	3.27	4.86	6.41
Less:- Drawings	-	1.25	2.50	3.50	5.00
Subsidy/grant	2.80				
Closing Balance	4.87	5.54	6.31	7.67	9.08
Term Loan	3.91	2.93	1.96	0.98	-
Working Capital Limit	3.00	3.00	3.00	3.00	3.00
Sundry Creditors	1.35	1.56	1.79	2.04	2.30
Provisions & Other Liab	0.20	0.25	0.30	0.36	0.43
TOTAL :	13.33	13.28	13.35	14.05	14.81
<u>Assets</u>					
Fixed Assets (Gross)	8.00	8.00	8.00	8.00	8.00
Gross Dep.	1.15	2.13	2.97	3.69	4.30
Net Fixed Assets	6.85	5.87	5.03	4.31	3.70
Current Assets					
Sundry Debtors	1.74	2.10	2.42	2.77	3.14
Stock in Hand	3.31	3.82	4.36	4.95	5.57
Cash and Bank	1.43	1.50	1.54	2.02	2.40
TOTAL :	13.33	13.28	13.35	14.05	14.81

5.4 Projected Cash Flow

(in Lacs)					
PROJECTED CASH FLOW STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	1.13				
Net Profit	0.93	1.92	3.27	4.86	6.57
Depriciation & Exp. W/off	1.15	0.98	0.84	0.72	0.61
Increase in Cash Credit	3.00	-	-	-	-
Increase In Term Loan	4.40	-	-	-	-
Increase in Creditors	1.35	0.21	0.23	0.25	0.26
Increase in Provisions & Oth lib	0.20	0.05	0.05	0.06	0.07
Sunsidy/grant	2.80				
TOTAL :	14.97	3.17	4.39	5.89	7.52
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	8.00				
Increase in Stock	3.31	0.51	0.54	0.59	0.63
Increase in Debtors	1.74	0.36	0.33	0.35	0.37
Repayment of Term Loan	0.49	0.98	0.98	0.98	0.98
Drawings		1.25	2.50	3.50	5.00
Taxation	-	-	-	-	0.16
TOTAL :	13.54	3.09	4.34	5.42	7.14
Opening Cash & Bank Balance	-	1.43	1.50	1.54	2.02
Add : Surplus	1.43	0.07	0.04	0.47	0.38
Closing Cash & Bank Balance	1.43	1.50	1.54	2.02	2.40

5.5 Projected Profitability

(in Lacs)					
PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
MOUTH FRESHENER	58.00	69.91	80.78	92.39	104.75
Total	58.00	69.91	80.78	92.39	104.75
COST OF SALES					
Raw Material Consumed	45.00	51.98	59.58	67.86	76.65
Electricity Expenses	1.05	1.21	1.39	1.60	1.76
Depreciation	1.15	0.98	0.84	0.72	0.61
Wages & labour	5.04	5.54	6.10	6.71	7.38
Repair & maintenance	0.70	1.05	1.21	1.39	1.57
Packaging	1.31	1.75	2.02	2.31	2.62
Cost of Production	54.24	62.51	71.14	80.58	90.59
Add: Opening Stock /WIP	-	1.81	2.08	2.37	2.69
Less: Closing Stock /WIP	1.81	2.08	2.37	2.69	3.02
Cost of Sales	52.43	62.23	70.85	80.26	90.26
GROSS PROFIT	5.57	7.68	9.93	12.12	14.49
	9.60%	10.99%	12.29%	13.12%	13.84%
Salary to Staff	0.84	0.92	1.02	1.12	1.23
Interest on Term Loan	0.43	0.38	0.27	0.17	0.06

Interest on working Capital	0.33	0.33	0.33	0.33	0.33
Rent	2.16	2.38	2.61	2.87	3.16
selling & adm exp	0.87	1.75	2.42	2.77	3.14
TOTAL	4.63	5.76	6.66	7.26	7.92
NET PROFIT	0.93	1.92	3.27	4.86	6.57
	1.61%	2.75%	4.05%	5.26%	6.27%
Taxation					0.16
PROFIT (After Tax)	0.93	1.92	3.27	4.86	6.41

5.6 Production and Yield

COMPUTATION OF PRODUCTION OF MOUTH FRESHENER		
Items to be Manufactured		
MOUTH FRESHENER		
Machine capacity Per Day	100	KG
Total working Hours	10	
working days in a month	25	Days
working days per annum	300	
machine capacity per annum	30000	KG
Final Output		
1 packet size	10	Gram
MOUTH FRESHENER Packets in a Day	10000	Packets
MOUTH FRESHENER Packets Per Annum	3,000,000	Packets

Production of MOUTH FRESHENER		
Production	Capacity	Packets
1st year	50%	1,500,000
2nd year	55%	1,650,000
3rd year	60%	1,800,000
4th year	65%	1,950,000
5th year	70%	2,100,000

Raw Material Cost				
Year	Capacity Utilization	Rate (per KG)	Amount (Rs. in lacs)	
1st year	50%	300.00	45.00	
2nd year	55%	315.00	51.98	
3rd year	60%	331.00	59.58	
4th year	65%	348.00	67.86	
5th year	70%	365.00	76.65	

5.7 Sales Revenue

<u>COMPUTATION OF SALE</u>					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	50,000	55,000	60,000	65,000
Production	1,500,000	1,650,000	1,800,000	1,950,000	2,100,000
Less : Closing Stock	50,000	55,000	60,000	65,000	70,000
Net Sale	1,450,000	1,645,000	1,795,000	1,945,000	2,095,000
sale price per 10 Gram Packet	4.00	4.25	4.50	4.75	5.00
Sales (in Lacs)	58.00	69.91	80.78	92.39	104.75

5.8 Working Capital Assessment

(in Lacs)					
COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	1.81	2.08	2.37	2.69	3.02
<u>Raw Material</u>					
	1.50	1.73	1.99	2.26	2.56
Closing Stock	3.31	3.82	4.36	4.95	5.57

<u>COMPUTATION OF WORKING CAPITAL REQUIREMENT</u>					
TRADITIONAL METHOD					
(in Lacs)					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	3.31				
Less : Creditors	1.35				
Paid stock	1.96	10%	0.20	90%	1.76
Sundry Debtors	1.74	10%	0.17	90%	1.57
	3.70		0.37		3.33
MPBF					3.33
WORKING CAPITAL LIMIT DEMAND (from Bank)					3.00
Working Capital Margin					0.33

5.9 Power, Salary & Wages Calculation

Utility Charges (per month)		
Particulars	value	Description
Power connection required	7	KWH
consumption per day	70	units
Consumption per month	1,750	units
Rate per Unit	10	Rs.
power Bill per month	17,500	Rs.

<u>BREAK UP OF LABOUR CHARGES</u>			
Particulars	Wages	No of	Total
	Rs. per Month	Employees	Salary
Skilled (in thousand rupees)	13,000	2	26,000
Unskilled (in thousand rupees)	8,000	2	16,000
Total salary per month			42,000
Total annual labour charges	(in lacs)		5.04

<u>BREAK UP OF Staff Salary CHARGES</u>			
Particulars	Salary	No of	Total
	Rs. per Month	Employees	Salary
helper	7,000	1	7,000
Total salary per month			7,000
Total annual Staff charges	(in lacs)		0.84

5.10 Depreciation

			(in Lacs)
COMPUTATION OF DEPRECIATION			
Description	Plant & Machinery	Miss. Assets	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	7.00	1.00	8.00
Total	7.00	1.00	8.00
Less : Depreciation	1.05	0.10	1.15
WDV at end of Year	5.95	0.90	6.85
Additions During The Year	-	-	-
Total	5.95	0.90	6.85
Less : Depreciation	0.89	0.09	0.98
WDV at end of Year	5.06	0.81	5.87
Additions During The Year	-	-	-
Total	5.06	0.81	5.87
Less : Depreciation	0.76	0.08	0.84
WDV at end of Year	4.30	0.73	5.03
Additions During The Year	-	-	-
Total	4.30	0.73	5.03
Less : Depreciation	0.64	0.07	0.72
WDV at end of Year	3.65	0.66	4.31
Additions During The Year	-	-	-
Total	3.65	0.66	4.31
Less : Depreciation	0.55	0.07	0.61
WDV at end of Year	3.11	0.59	3.70

5.11 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	4.40	4.40	-	-	4.40
	2nd month	4.40	-	4.40	0.04	-	4.40
	3rd month	4.40	-	4.40	0.04	-	4.40
	4th month	4.40	-	4.40	0.04		4.40
	5th month	4.40	-	4.40	0.04		4.40
	6th month	4.40	-	4.40	0.04		4.40
	7th month	4.40	-	4.40	0.04	0.08	4.32
	8th month	4.32	-	4.32	0.04	0.08	4.24
	9th month	4.24	-	4.24	0.04	0.08	4.16
	10th month	4.16	-	4.16	0.04	0.08	4.07
	11th month	4.07	-	4.07	0.04	0.08	3.99
	12th month	3.99	-	3.99	0.04	0.08	3.91
					0.43	0.49	
2nd	Opening Balance						
	1st month	3.91	-	3.91	0.04	0.08	3.83
	2nd month	3.83	-	3.83	0.04	0.08	3.75
	3rd month	3.75	-	3.75	0.03	0.08	3.67
	4th month	3.67	-	3.67	0.03	0.08	3.59
	5th month	3.59	-	3.59	0.03	0.08	3.50
	6th month	3.50	-	3.50	0.03	0.08	3.42
	7th month	3.42	-	3.42	0.03	0.08	3.34
	8th month	3.34	-	3.34	0.03	0.08	3.26
	9th month	3.26	-	3.26	0.03	0.08	3.18
	10th month	3.18	-	3.18	0.03	0.08	3.10
	11th month	3.10	-	3.10	0.03	0.08	3.01
	12th month	3.01	-	3.01	0.03	0.08	2.93
					0.38	0.98	
3rd	Opening Balance						
	1st month	2.93	-	2.93	0.03	0.08	2.85
	2nd month	2.85	-	2.85	0.03	0.08	2.77
	3rd month	2.77	-	2.77	0.03	0.08	2.69
	4th month	2.69	-	2.69	0.02	0.08	2.61
	5th month	2.61	-	2.61	0.02	0.08	2.53
	6th month	2.53	-	2.53	0.02	0.08	2.44
	7th month	2.44	-	2.44	0.02	0.08	2.36
	8th month	2.36	-	2.36	0.02	0.08	2.28
	9th month	2.28	-	2.28	0.02	0.08	2.20
	10th month	2.20	-	2.20	0.02	0.08	2.12

	11th month	2.12	-	2.12	0.02	0.08	2.04
	12th month	2.04	-	2.04	0.02	0.08	1.96
					0.27	0.98	
4th	Opening Balance						
	1st month	1.96	-	1.96	0.02	0.08	1.87
	2nd month	1.87	-	1.87	0.02	0.08	1.79
	3rd month	1.79	-	1.79	0.02	0.08	1.71
	4th month	1.71	-	1.71	0.02	0.08	1.63
	5th month	1.63	-	1.63	0.01	0.08	1.55
	6th month	1.55	-	1.55	0.01	0.08	1.47
	7th month	1.47	-	1.47	0.01	0.08	1.39
	8th month	1.39	-	1.39	0.01	0.08	1.30
	9th month	1.30	-	1.30	0.01	0.08	1.22
	10th month	1.22	-	1.22	0.01	0.08	1.14
	11th month	1.14	-	1.14	0.01	0.08	1.06
	12th month	1.06	-	1.06	0.01	0.08	0.98
					0.17	0.98	
5th	Opening Balance						
	1st month	0.98	-	0.98	0.01	0.08	0.90
	2nd month	0.90	-	0.90	0.01	0.08	0.81
	3rd month	0.81	-	0.81	0.01	0.08	0.73
	4th month	0.73	-	0.73	0.01	0.08	0.65
	5th month	0.65	-	0.65	0.01	0.08	0.57
	6th month	0.57	-	0.57	0.01	0.08	0.49
	7th month	0.49	-	0.49	0.00	0.08	0.41
	8th month	0.41	-	0.41	0.00	0.08	0.33
	9th month	0.33	-	0.33	0.00	0.08	0.24
	10th month	0.24	-	0.24	0.00	0.08	0.16
	11th month	0.16	-	0.16	0.00	0.08	0.08
	12th month	0.08	-	0.08	0.00	0.08	-
					0.06	0.98	
	DOOR TO DOOR	60		MONTHS			
	MORATORIUM PERIOD	6		MONTHS			
	REPAYMENT PERIOD	54		MONTHS			

5.12 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	2.08	2.91	4.11	5.58	7.02
Interest on Term Loan	0.43	0.38	0.27	0.17	0.06
Total	2.52	3.29	4.38	5.75	7.08
<u>REPAYMENT</u>					
Instalment of Term Loan	0.49	0.98	0.98	0.98	0.98
Interest on Term Loan	0.43	0.38	0.27	0.17	0.06
Total	0.92	1.36	1.25	1.14	1.04
DEBT SERVICE COVERAGE RATIO	2.73	2.42	3.50	5.03	6.83
AVERAGE D.S.C.R.	4.10				

5.13 Break Even Point Analysis

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	58.00	69.91	80.78	92.39	104.75
Less : Op. WIP Goods	-	1.81	2.08	2.37	2.69
Add : Cl. WIP Goods	1.81	2.08	2.37	2.69	3.02
Total Sales	59.81	70.19	81.06	92.70	105.08
Variable & Semi Variable Exp.					
Raw Material Consumed	45.00	51.98	59.58	67.86	76.65

Electricity Exp/Coal Consumption at 85%	0.89	1.03	1.18	1.36	1.49
Wages & Salary at 60%	3.53	3.88	4.27	4.70	5.17
Selling & administrative Expenses 80%	0.70	1.40	1.94	2.22	2.51
Interest on working Capital	0.33	0.33	0.33	0.33	0.33
Repair & maintenance	0.70	1.05	1.21	1.39	1.57
Packaging	1.31	1.75	2.02	2.31	2.62
Total Variable & Semi Variable Exp	52.45	61.41	70.53	80.16	90.34
Contribution	7.36	8.78	10.53	12.55	14.74
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.16	0.18	0.21	0.24	0.26
Wages & Salary at 40%	2.35	2.59	2.85	3.13	3.44
Interest on Term Loan	0.43	0.38	0.27	0.17	0.06
Depreciation	1.15	0.98	0.84	0.72	0.61
Selling & administrative Expenses 20%	0.17	0.35	0.48	0.55	0.63
Rent	2.16	2.38	2.61	2.87	3.16
Total Fixed Expenses	6.43	6.86	7.27	7.68	8.17
Capacity Utilization	50%	55%	60%	65%	70%
OPERATING PROFIT	0.93	1.92	3.27	4.86	6.57
BREAK EVEN POINT	44%	43%	41%	40%	39%
BREAK EVEN SALES	52.21	54.81	55.91	56.77	58.24

6. LICENSE & APPROVALS

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- Fire/pollution license as required.
- FSSAI License
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1
2	Procurement & installation of Plant & Machinery	1-2
3	Arrangement of Finance	1-2
4	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	4-5 Months

7. ASSUMPTIONS

1. Production Capacity of Mouth Freshener is 100Kgs per day. First year, Capacity has been taken @ 50%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock is for 10 days and Finished goods Closing Stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 9 days.
5. Credit period by the Sundry Creditors has been provided for 9 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 7 KW.
10. Selling Prices & Raw material costing has been increased by 5% & 5% respectively in the subsequent years.

Limitations of the Model DPR and Guidelines for Entrepreneurs

Limitations of the Model DPR

- i. This model DPR has provided only the basic standard components and methodology to be adopted by an entrepreneur while submitting a proposal under the Formalization of Micro Food Processing Enterprises Scheme of MoFPI.
- ii. This is a model DPR made to provide general methodological structure not for specific entrepreneur/crops/location. Therefore, information on the entrepreneur, forms and structure (proprietorship/partnership/cooperative/ FPC/joint stock company) of his business, details of proposed DPR, project location, raw material base/contract sourcing, entrepreneurs own SWOT analysis, detailed market research, rationale of the project for specific location, community advantage/benefit from the project, employment generation and many more detailed aspects not included.
- iii. The present DPR is based on certain assumptions on cost, prices, interest, capacity utilization, output recovery rate and so on. However, these assumptions in reality may vary across places, markets and situations; thus the resultant calculations will also change accordingly.