



# MODEL PROJECT REPORT



## PROJECT REPORT ON CINNAMON POWDER

**SWAVALAMBI BHARAT ABHIYAN**

## PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxx  
 District : xxxxxxxx  
 Pin: xxxxxxxx State: xxxxx  
 Mobile xxxxxxxx
- 5 Product and By Product : CINNAMON POWDER
- 6 Name of the project / business activity proposed : CINNAMON POWDER PROCESSING UNIT
- 7 Cost of Project : Rs.24.94 Lakhs
- 8 Means of Finance  
 Term Loan Rs.16.38 Lakhs  
 Own Capital Rs.2.49 Lakhs  
 Working Capital Rs.6.06 Lakhs
- 9 Debt Service Coverage Ratio : 2.89
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 26%
- 13 Employment : 15 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Cinnamon Quills and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 202.12 Lakhs
- 17 Detailed Cost of Project & Means of Finance

### COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	17.80
Furniture & Fixtures	0.40
Working Capital	6.74
<b>Total</b>	<b>24.94</b>

### MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.49
Working Capital(Finance)	6.06
Term Loan	16.38
<b>Total</b>	<b>24.94</b>

# **CINNAMON POWDER PROCESSING UNIT**

## **Introduction:**

Cinnamon is a spice prepared from the inner bark of tropical tree species belonging to the *Cinnamomum* genus. *Cinnamomum cassia* and *Cinnamomum zeylanicum* are the two most common types of cinnamon. The most often used cinnamon species have a pale, parchment-like appearance. Cinnamon is commonly found in baked goods like cakes, pancakes, and other baked goods, as well as milk and rice puddings. Cinnamon is commonly used in fruit sweets and chocolate dishes, especially pears and apple sweets. Cinnamon can be used to flavour creams, syrups, and flavored wines, among other things. Cinnamon powder is also used to flavour a wide range of beverages, soups, and desserts.



## **Uses & Market Potential:**

Cinnamon bark is a spice that is used in cooking. It is primarily used in cooking as a condiment and flavoring ingredient. It's a common ingredient in chocolate making, especially in Mexico. In terms of production volume, the cinnamon market in 2019 accounts for 0.24 million metric tonnes. By 2026, it is expected to have reached a

volume of 0.25 million metric tonnes, with a CAGR of 2.2 percent from 2021 to 2026. In terms of Uses, the residential sector dominated the worldwide cinnamon market in 2018, accounting for more than 50.0 percent of the total. Due to its sweet and spicy flavor, this spice has become increasingly popular in a variety of meals, and this is a crucial driver driving product demand in this market. Consumer knowledge of the many benefits of cinnamon has resulted in increased demand in nations such as the United Kingdom, the United States, Belgium, Italy, and India. Cinnamon is a key ingredient in a variety of Mexican cuisines, and demand for this condiment is likely to rise throughout the projection period, thanks to the growing popularity of Mexican cuisine around the world.

### **Product:**

Cinnamon Powder

### **Raw Material:**

Basic raw material are:

- Cinnamon Quills
- Packing Material

## **Manufacturing Process:**

- Raw material procurement
- Cleaning
- De-Stoning
- Magnetic Separation
- Grinding
- Sifting
- Weighing & Packaging

## **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:**

S. No.	Machine	Qty	Unit Price	Amount
1.	Weighting Scales	1	40000	40000
2.	Classifier separator	1	210000	210000

3.	Destoner Machine	1	200000	200000
4.	Magnetic separator	1	200000	200000
5.	Two stage Grinding machine	1	350000	350000
6.	Sifting Machine	1	100000	100000
7.	Packaging Machine	1	280000	280000
8.	Metal detector	1	350000	350000
9.	Other Equipment's	-	50000	50000
<b>TOTAL</b>				<b>1780000</b>

**Power Requirement-** The estimated Power requirement is taken at 30 HP.

**Manpower Requirement-** Following manpower is required:

- Machine operator-3
- Skilled/unskilled worker-4
- Helper-5
- Manager cum Accountant-1
- Sales Personnel-2

## FINANCIALS

**PROJECTED BALANCE SHEET**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
<b><u>Capital Account</u></b>					
Opening Balance	-	3.52	5.20	8.00	12.02
Add: Additions	2.49	-	-	-	-
Add: Net Profit	6.03	7.68	9.31	11.01	12.98
Less: Drawings	5.00	6.00	6.50	7.00	9.00
<b>Closing Balance</b>	<b>3.52</b>	<b>5.20</b>	<b>8.00</b>	<b>12.02</b>	<b>16.00</b>
CC Limit	6.06	6.06	6.06	6.06	6.06
Term Loan	14.56	10.92	7.28	3.64	-
Sundry Creditors	3.24	3.86	4.49	5.16	5.85
<b>TOTAL :</b>	<b>27.39</b>	<b>26.04</b>	<b>25.84</b>	<b>26.88</b>	<b>27.91</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	<b>18.20</b>	<b>18.20</b>	<b>18.20</b>	<b>18.20</b>	<b>18.20</b>
Gross Dep.	2.71	5.02	6.98	8.65	10.07
Net Fixed Assets	15.49	13.18	11.22	9.55	8.13
<b>Current Assets</b>					
Sundry Debtors	4.87	6.03	7.09	8.23	9.43
Stock in Hand	5.11	6.10	7.11	8.19	9.30
Cash and Bank	1.92	0.73	0.41	0.90	1.04
<b>TOTAL :</b>	<b>27.39</b>	<b>26.04</b>	<b>25.84</b>	<b>26.88</b>	<b>27.91</b>
	-	-	-	-	-

**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	104.40	129.16	152.00	176.46	202.12
<b>Total (A)</b>	<b>104.40</b>	<b>129.16</b>	<b>152.00</b>	<b>176.46</b>	<b>202.12</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	64.80	77.11	89.89	103.15	116.90
Electricity Expenses	2.01	2.35	2.69	3.02	3.36
Repair & Maintenance	2.09	2.58	3.04	3.53	4.04
Labour & Wages	16.76	21.45	25.95	31.15	36.44
Depreciation	2.71	2.31	1.96	1.67	1.42
<b>Cost of Production</b>	<b>88.37</b>	<b>105.80</b>	<b>123.53</b>	<b>142.52</b>	<b>162.16</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>2.95</b>	<b>3.53</b>	<b>4.12</b>	<b>4.75</b>
<b>Less: Closing Stock /WIP</b>	<b>2.95</b>	<b>3.53</b>	<b>4.12</b>	<b>4.75</b>	<b>5.41</b>
Cost of Sales (B)	85.42	105.22	122.94	141.88	161.51
<b>C) GROSS PROFIT (A-B)</b>	<b>18.98</b>	<b>23.94</b>	<b>29.06</b>	<b>34.58</b>	<b>40.61</b>
	<b>18.18%</b>	<b>18.54%</b>	<b>19.12%</b>	<b>19.60%</b>	<b>20.09%</b>
D) Bank Interest i) (Term Loan )	1.78	1.45	1.05	0.65	0.25
ii) Interest On Working Capital	0.67	0.67	0.67	0.67	0.67
E) Salary to Staff	8.19	9.66	11.79	13.91	15.58
F) Selling & Adm Expenses Exp.	1.88	3.62	4.86	6.18	8.08
<b>G) TOTAL (D+E+F)</b>	<b>12.51</b>	<b>15.40</b>	<b>18.37</b>	<b>21.41</b>	<b>24.58</b>
<b>H) NET PROFIT</b>	<b>6.46</b>	<b>8.54</b>	<b>10.69</b>	<b>13.17</b>	<b>16.03</b>
	<b>6.2%</b>	<b>6.6%</b>	<b>7.0%</b>	<b>7.5%</b>	<b>7.9%</b>
I) Taxation	0.43	0.87	1.39	2.16	3.05
<b>J) PROFIT (After Tax)</b>	<b>6.03</b>	<b>7.68</b>	<b>9.31</b>	<b>11.01</b>	<b>12.98</b>



**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	2.49	-	-	-	-
Reserve & Surplus	6.46	8.54	10.69	13.17	16.03
Depreciation & Exp. W/off	2.71	2.31	1.96	1.67	1.42
Increase In Cash Credit	6.06	-	-	-	-
Increase In Term Loan	16.38	-	-	-	-
Increase in Creditors	3.24	0.62	0.64	0.66	0.69
<b>TOTAL :</b>	<b>37.35</b>	<b>11.46</b>	<b>13.29</b>	<b>15.51</b>	<b>18.14</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	18.20	-	-	-	-
Increase in Stock	5.11	0.99	1.02	1.07	1.11
Increase in Debtors	4.87	1.16	1.07	1.14	1.20
Repayment of Term Loan	1.82	3.64	3.64	3.64	3.64
Taxation	0.43	0.87	1.39	2.16	3.05
Drawings	5.00	6.00	6.50	7.00	9.00
<b>TOTAL :</b>	<b>35.43</b>	<b>12.65</b>	<b>13.61</b>	<b>15.02</b>	<b>18.00</b>
Opening Cash & Bank Balance	-	1.92	0.73	0.41	0.90
Add : Surplus	1.92	- 1.19	- 0.32	0.49	0.14
Closing Cash & Bank Balance	<b>1.92</b>	<b>0.73</b>	<b>0.41</b>	<b>0.90</b>	<b>1.04</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(10 Days requirement)	2.95	3.53	4.12	4.75	5.41
<b><u>Raw Material</u></b>					
(10 Days requirement)	2.16	2.57	3.00	3.44	3.90
<b>Closing Stock</b>	<b>5.11</b>	<b>6.10</b>	<b>7.11</b>	<b>8.19</b>	<b>9.30</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net</b>
			<b>Amount</b>
Stock in Hand	5.11		
Less:			
Sundry Creditors	3.24		
<b>Paid Stock</b>	<b>1.87</b>	<b>0.19</b>	<b>1.68</b>
Sundry Debtors	4.87	0.49	4.38
<b>Working Capital Requirement</b>			<b>6.06</b>
<b>Margin</b>			0.67
<b>MPBF</b>			<b>6.06</b>
<b>Working Capital Demand</b>			<b>6.06</b>

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	16.38	16.38	0.45	-	16.38
	Iind Quarter	16.38	-	16.38	0.45	-	16.38
	IIIrd Quarter	16.38	-	16.38	0.45	0.91	15.47
	Ivth Quarter	15.47	-	15.47	0.43	0.91	14.56
					1.78	1.82	
II	Opening Balance						
	Ist Quarter	14.56	-	14.56	0.40	0.91	13.65
	Iind Quarter	13.65	-	13.65	0.38	0.91	12.74
	IIIrd Quarter	12.74	-	12.74	0.35	0.91	11.83
	Ivth Quarter	11.83		11.83	0.33	0.91	10.92
					1.45	3.64	
III	Opening Balance						
	Ist Quarter	10.92	-	10.92	0.30	0.91	10.01
	Iind Quarter	10.01	-	10.01	0.28	0.91	9.10
	IIIrd Quarter	9.10	-	9.10	0.25	0.91	8.19
	Ivth Quarter	8.19		8.19	0.23	0.91	7.28
					1.05	3.64	
IV	Opening Balance						
	Ist Quarter	7.28	-	7.28	0.20	0.91	6.37
	Iind Quarter	6.37	-	6.37	0.18	0.91	5.46
	IIIrd Quarter	5.46	-	5.46	0.15	0.91	4.55
	Ivth Quarter	4.55		4.55	0.13	0.91	3.64
					0.65	3.64	
V	Opening Balance						
	Ist Quarter	3.64	-	3.64	0.10	0.91	2.73
	Iind Quarter	2.73	-	2.73	0.08	0.91	1.82
	IIIrd Quarter	1.82	-	1.82	0.05	0.91	0.91
	Ivth Quarter	0.91		0.91	0.03	0.91	- 0.00
					0.25	3.64	
<div> <div>Door to Door Period</div> <div>60 Months</div> </div> <div> <div>Moratorium Period</div> <div>6 Months</div> </div> <div> <div>Repayment Period</div> <div>54 Months</div> </div>							

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	8.74	9.98	11.27	12.68	14.40
Interest on Term Loan	1.78	1.45	1.05	0.65	0.25
Total	10.52	11.43	12.32	13.33	14.65
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.82	3.64	3.64	3.64	3.64
Interest on Term Loan	1.78	1.45	1.05	0.65	0.25
Total	3.60	5.09	4.69	4.29	3.89
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.92</b>	<b>2.25</b>	<b>2.63</b>	<b>3.11</b>	<b>3.77</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.89</b>		

**Assumptions:**

1. Production Capacity of Cinnamon Powder Processing Unit is taken at 400 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 10 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 30 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.