

SEASONINGS FOR SNACKS

1. INTRODUCTION:

Seasoning for various snacks such as pizzas, pastas, barbeque, popcorn, potato chips, nuts, various meat snacks are becoming popular nowadays. Big companies who manufacture various snacks such as chips also focus on developing new flavors instead of developing of new brand as new and range of flavors and seasonings can cater range of consumers. Seasonings are widely used by restaurants as well for better and easy development of new flavors in their existing product line.

2. PRODUCT & ITS APPLICATION:

Snack food seasoning contains flavor which can be added to various snacks such as chips, pizza, pastas for better flavors, tastes and aroma. Seasonings are made of salt, sugar, garlic, onion, cheese powder, tomato powder and many others. With proper amount of ingredients, these can be better addition for flavors in various foods.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Successful running this project does not require any specific qualification.

4. INDUSTRY LOOKOUT AND TRENDS

The seasoning market is considered to be recession proof market as consumer prefers in house prepared food during unstable economic condition. Seasoning is an integral part of cuisine as it accountable to add aroma and taste to the food. Seasoning is primarily used in snacks to enhance the flavour of food. Owing to globalization coupled with growing influence of western countries, the seasoning

market has grown significantly. Global seasoning market is growing tremendously due to the rising number of consumers considering seasoning to augment their meals with better tastes. Another reason for the expansion of seasoning market is the more preference of consumers for homemade seasonings due to the remedial nature associated with it. Traditionally, seasonings have been created and consumed very widely in the Asian countries, such as India. However, due to the changing demographics in the western countries is expected to promote the growth of seasoning and spices market.

Global seasoning market is segmented on the basis of product type and region. Based on the product type segmentation includes pepper, herbs, spices, salt & salt substitutes and others. Among all the segments of seasoning market are segmented into salt and salt substitute segment and is expected to contribute maximum revenue over the forecast period due to the indispensable prevalence of salt in the various food products, followed by other segments. However, pepper is expected to witness fastest growth in the next four to five years due the continuous technological up gradation in the pepper manufacturing industry which leads to develop various pepper varieties. Global seasoning market is segmented on the basis of region into North America, Latin America, Eastern Europe, Western Europe, Asia Pacific excluding Japan, Middle East and Africa and Japan.

The global seasoning market is expected to witness robust growth over the forecast period due to the rising upper middle class population. Globally, among all regions, Europe is expected to dominant segment in terms of value followed by other regions over the forecast period. However Asia Pacific is expected to be dominant segment in terms of volume due the rising disposable income of the consumers. However other region such as North America is expected to contribute significant revenue during the forecast period.

The major factors that promote the growth of the global seasonings market is rising demand for western cuisines such Italian and French coupled with fluctuating consumer food habits in Asian countries. Increasing consumer awareness regarding the medicinal properties of various spices such cloves, cinnamon and turmeric which results in expansion of the seasonings market in the world. Seasoning such as spices, grown in Asian countries such as India are used to treat various diseases such as fungal infections, fever and cough, it works at faster rate in comparison to other antibiotics. Various restraining factors in the seasoning market are the uncertain climatic conditions in various spice producing countries coupled with unorganized logistics. Another factor that is detaining the growth of seasoning market is stringent government policies that restrict the imported spices. However, there is a rising demand for organic seasonings and spices which hold the huge growth opportunity in the coming next four to five years.

5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

India has wide range of spices, fruit and vegetables available in huge quantity. With better infrastructure and machines, manufacturer can develop good range of seasonings which will be acceptable in range of consumer tastes. Companies who manufacture packet snacks also need range of seasoning as developing new flavors each year is very easy and also beneficial as same product with different flavors can tackle range of consumer tastes. As ready to eat snacks, packet snacks markets are growing everyday across India as wells as across world, there is a good scope for exporting seasonings to other countries. There is a growing demand of pure/unadulterated seasonings from the customers who are increasingly informed these days. With various food standards such as FSSAI, FSMS, ISI and ISO standards implementation, there can be huge market growth for manufacturer.

6. RAW MATERIAL REQUIREMENTS:

For formulation of seasoning of different varieties, manufacturer use various ingredients. Salt and Sugar are the basic and essential among them. Other than these, maltodextrin, dextrose, monosodium glutamate, onion powder, tomato powder, sour cream powder, molasses, cheddar cheese powder, Monterey Jack cheese powder, garlic powder, spices, sodium diacetate, natural and artificial flavors, lactic acid, citric acid, vinegar, tamarind, and yeast extract are used in different quantities for formulation of various flavors. Usage of ingredients depends on what exactly needed. For example, some ingredients provide characterizing the flavor while some provide mouth feel or texture characteristics to seasonings. In addition to these, some are used to enhance basic tastes of saltiness, sourness, sweetness and bitterness. Food grade packaging of paper and HDPE with inner liner is required. Cardboard boxes for packing of seasoning in bunch are required.

7. MANUFACTURING PROCESS:

Raw materials mentioned above are procured and stored in different tanks in powder form. If some of them are not available in powder form or available but costly, then separate process of grinding/pulverizing must be added. As per formulation design, desired level of each raw material is added to automatic online seasoning machine such that all spices, herbs and salt/sugar get blended. Final seasoning must be filled in food grade HDPE/Paper bags and sealed in required quantity. Some restaurant owners require seasoning to be packed in small pack of 25-50 gms and some big companies require pack of 50-100 kg for their large setup. Automatic filling machine can be best setup to tackle different kind of packaging.

8. MANPOWER REQUIREMENT:

The enterprise requires 10 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
	Variable Labour: Workers							
1	Operator	₹ 10,000.00	₹ 10,000.00	2	2	2	2	2
2	Un Skilled Workers	₹ 8,000.00	₹ 24,000.00	3	3	3	5	5
	<i>sub-total</i>		₹ 34,000.00	5	5	5	7	7
	Fixed Staff:							
1	Accountant	₹ 12,000.00	₹ 12,000.00	1	1	1	1	1
2	Store Keeper	₹ 8,000.00	₹ 8,000.00	1	1	1	1	1
3	Sales Staff	₹ 12,000.00	₹ 24,000.00	3	3	3	4	4
	<i>sub-total</i>		₹ 44,000.00	5	5	5	6	6
	Total		₹ 78,000.00	10	10	10	13	13

9. IMPLEMENTATION SCHEDULE:

The project can be implemented in 9 months' time as detailed below:

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	2.00
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)	9.00

10. COST OF PROJECT:

The project shall cost ₹ 111.57 lacs as detailed below:

Sr. No.	Particulars	₹ in Lacs
1	Land	10.00
2	Building	7.50
3	Plant & Machinery	16.20
4	Furniture, other Misc. Equipments	0.50
5	Other Assets including Preliminary / Pre-operative expenses	1.62
6	Margin for Working Capital	75.75
	Total	111.57

11. 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	27.89
2	Bank Finance	83.68
	Total	111.57

12. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹75.75 lacs as detailed below:

Sr. No.	Particulars	Gross Amt	Margin %	Margin Amt	Bank Finance
1	Inventories	37.88	0.25	9.47	28.41

2	Receivables	18.94	0.25	4.73	14.20
3	Overheads	18.94	100%	18.94	0.00
4	Creditors	-		0.00	0.00
	Total	75.75		33.14	42.61

13. 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	Automatic Online Twin Drum Seasoning Machine	Nos	1	₹ 8.00	₹ 8.00
2	Pulverize/Grinder	Nos	1	₹ 1.50	₹ 1.50
3	Storage Tanks For Raw Materials And Finished Goods	Nos	10	₹ 0.12	₹ 1.20
4	Packing, Filling And Sealing Machine	Nos	2	₹ 2.00	₹ 4.00
5	Weighing Scale	Nos	2	₹ 0.20	₹ 0.20
6	Material Handling Equipment	LS		₹ 0.80	₹ 0.80
7	Misc. Tools	LS		₹ 0.50	₹ 0.50
	<i>Sub-Total Plant & Machinery</i>				₹ 16.20
Sr. No.	Particulars	UOM	Qty	Rate (₹ in Lacs)	Value (₹ in Lacs)
	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		1.62	₹ 1.62
	<i>Sub-Total Other Assets</i>				₹ 1.62
	Total				₹ 18.32

All the machines and equipments are available from local manufacturers. The entrepreneur needs to ensure proper selection of product mix and proper type of machines and tooling to have modern and flexible designs. It may be worthwhile to look at reconditioned imported machines, dies and tooling. Some of the machinery and dies and tooling suppliers are listed here below:

1. Fry-Tech Food Equipments Private Limited
S. No. 4, Raviraj Industrial Estate,
Bhikhubhai Mukhi Ka Kuwa Bharwadvash,
Ramol, Ahmedabad - 380024,
Gujarat, India

2. Hindustan Vibrotech Pvt. Ltd.
Office No. 2, Ground Floor,
Vrindavan Building, Vile Parle East,
Mumbai - 400057,
Maharashtra, India

3. Electrons cooling systems Pvt. Ltd.
S-27, SIDCO Industrial Estate
Kakkalur Industrial Estate
Tiruvallur - 602003,
Tamil Nadu, India

4. Springboard Enterprises India Ltd.
1st, 2nd & 3rd Floor,
Plot No. 7, 8 & 9,
Garg Shopping Mall,
Service Centre, Rohini Sector 2
New Delhi - 110085,
Delhi, India

5. Flour Tech Engineers Private Limited

Plot No. 182, Sector 24,
Faridabad - 121005,
Haryana, India

6. P Square Technologies

3, Swami Mahal,
Gurunanak Nagar,
Off. Shankarsheth Road Bhavani Peth,
Pune - 411002,
Maharashtra, India

7. Ricon Engineers

10 To 13, Bhagwati Estate,
Near Amraiwadi Torrent Power,
Behind Uttam Dairy,
Rakhial, Ahmedabad - 380023,
Gujarat, India

8. Kamdhenu Agro Machinery

Plot No. 6, Near Power House,
Wathoda Road Wathoda,
Nagpur - 440035,
Maharashtra, India

14. 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	235.20	274.40	313.60	352.80	392.00
3	Raw Materials & Other direct inputs	₹. In Lacs	187.55	218.81	250.06	281.32	312.58
4	Gross Margin	₹. In Lacs	47.65	55.59	63.54	71.48	79.42

5	Overheads except interest	₹. In Lacs	13.60	14.45	16.15	16.66	17.00
6	Interest @ 10 %	₹. In Lacs	8.37	8.37	5.58	4.18	3.35
7	Depreciation @ 30 %	₹. In Lacs	11.34	8.10	5.67	4.05	3.65
8	Net Profit before tax	₹. In Lacs	14.34	24.68	36.14	46.58	55.43

The basis of profitability calculation:

This unit will have Processing capacity - 25000 Kg per month and Sales Turnover - 280 MT per Annum. The growth of selling capacity will be increased 10% per year. (This is assumed by various analysis and study; it can be increased according to the selling strategy.)

Energy Costs are considered at Rs 7 per Kwh and fuel cost is considered at Rs. 65 per liter. The depreciation of plant is taken at 10-12 % and Interest costs are taken at 14 -15 % depending on type of industry.

15. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 25.62% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales at full capacity	₹. In Lacs	392.00
2	Variable costs	₹. In Lacs	312.58
3	Fixed costs incl. interest	₹. In Lacs	20.35
4	BEP = $FC/(SR-VC) \times 100 =$	% of capacity	25.62%

16. STATUTORY / GOVERNMENT APPROVALS

The Ministry of Food Processing Industries has been operating several plan schemes for the development of processed food sector in the country during the

10th Plan. One of the schemes relates to the Technology Up-gradation/ Establishment/ Modernization of food processing industries.

The Indian food processing industry is regulated by several laws which govern the aspects of sanitation, licensing and other necessary permits that are required to start up and run a food business. The legislation that dealt with food safety in India was the Prevention of Food Adulteration Act, 1954 (hereinafter referred to as "**PFA**"). The PFA had been in place for over five decades and there was a need for change due to varied reasons which include the changing requirements of our food industry. The act brought into force in place of the PFA is the Food Safety and Standards Act, 2006 (hereinafter referred to as "**FSSA**") that overrides all other food related laws.

FSSA initiates harmonization of India's food regulations as per international standards. It establishes a new national regulatory body, the Food Safety and Standards Authority of India (hereinafter referred to as "**FSSAI**"), to develop science based standards for food and to regulate and monitor the manufacture, processing, storage, distribution, sale and import of food so as to ensure the availability of safe and wholesome food for human consumption. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

All food imports will therefore be subject to the provisions of the FSSA and rules and regulations which as notified by the Government on 5th of August 2011 will be applicable.

Key Regulations of FSSA

- A. Packaging and Labelling
- B. Signage and Customer Notices
- C. Licensing Registration and Health and Sanitary Permits

17. BACKWARD AND FORWARD INTEGRATIONS

The objective of the scheme is to provide effective and seamless backward and forward integration for processed food industry by plugging the gaps in supply chain in terms of availability of raw material and linkages with the market. Under the scheme, financial assistance is provided for setting up of primary processing centres/ collection centres at farm gate and modern retail outlets at the front end along with connectivity through insulated/ refrigerated transport.

The Scheme is applicable to perishable horticulture and non-horticulture produce such as, fruits, vegetables, dairy products, meat, poultry, fish, Ready to Cook Food Products, Honey, Coconut, Spices, Mushroom, Retail Shops for Perishable Food Products etc. The Scheme would enable linking of farmers to processors and the market for ensuring remunerative prices for agri produce.

The scheme is implemented by agencies/ organizations such as Govt./ PSUs/ Joint Ventures/ NGOs/ Cooperatives/ SHGs / FPOs / Private Sector / individuals etc.

Backward Linkage:

- Integrated Pack-house(s) (with mechanized sorting & grading line/ packing line/ waxing line/ staging cold rooms/cold storage, etc.)
- Pre Cooling Unit(s)/ Chillers
- Reefer boats
- Machinery & equipment for minimal processing and/or value addition such as cutting, dicing, slicing, pickling, drying, pulping, canning, waxing, etc.
- Machinery & equipment for packing/ packaging.

Forward Linkage:

- Retail chain of outlets including facilities such as frozen storage/ deep freezers/ refrigerated display cabinets/cold room/ chillers/ packing/ packaging, etc.
- Distribution center associated with the retail chain of outlets with facilities like cold room/ cold storage/ ripening chamber.

18. TRAINING CENTERS AND COURSES

There are few specialized Institutes provide degree certification in Food Technology, few most famous and authenticate Institutions are as follows:

1. Indian Institute of Food Science & Technology,
Plot No.1, Near Maa-Baap ki Dargah,Opp to Nath Seeds,
Paithan Road Aurangabad
Aurangabad - 431005
Maharashtra, India

2. MIT College of Food Technology, Pune
Gate.No.140, Raj Baugh Educational Complex,
Pune Solapur Highway,
Loni Kalbhor, Pune - 412201
Maharashtra, India

3. CSIR - Central Food Technological Research Institute (CFTRI)
Cheluvamba Mansion, Opp. Railway Museum,
Devaraja Mohalla, CFTRI Campus, Kajjihundi, Mysuru
Karnataka - 570020

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.

Source:- Udyami Mitra/Sidbi