

# UP MSME 1-Connect

## PROJECT REPORT

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PROJECT:

Vanilla powder manufacturing Unit

**PROJECT REPORT  
OF  
VANILLA POWDER  
PRODUCTION UNIT  
PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Vanilla Powder Production 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.]

## PROJECT AT GLANCE

1	Name of Proprietor/Director	XXXXXXXXXX	
2	Firm Name	XXXXXXXXXX	
3	Registered Address	XXXXXXXXXX	
4	Nature of Activity	XXXXXXXXXX	
5	Category of Applicant	XXXXXXXXXX	
6	Location of Unit	XXXXXXXXXX	
7	Cost of Project	24.10	Rs. In Lakhs
8	Means of Finance		
i)	Own Contribution	2.41	Rs. In Lakhs
ii)	Term Loan	18.45	Rs. In Lakhs
iii)	Working Capital	4.00	Rs. In Lakhs
9	Debt Service Coverage Ratio	2.27	
10	Break Even Point	35%	
11	Power Requirement	50	KW
12	Employment	8	Persons
13	Details of Cost of Project & Means of Finance		

COST OF PROJECT	
(in Lacs)	
PARTICULARS	Amount
Land & Building	Owned/Rented
Plant & Machinery	19.00
Miscellaneous Assets	1.50
Working capital Required	3.60
<b>Total</b>	<b>24.10</b>

MEANS OF FINANCE	
PARTICULARS	Amount
Own Contribution @ 10%	2.41
Term Loan @ 90%	18.45
Working Capital (Bank Finance)	4.00
<b>Total</b>	<b>24.10</b>

# VANILLA POWDER PRODUCTION UNIT

## 1. INTRODUCTION



Made from vanilla beans, vanilla powder has a more intense vanilla flavour than vanilla extract and can be used not only in baking recipes but as a natural sweetener. The purest form of vanilla powder comes from vanilla beans. The beans are dehydrated and finely ground. But you'll also find another type of vanilla powder on the market, where sugar is added. This type, called vanilla sugar, is popular in France and Mexico and used as a substitute for regular sugar in some recipes. Vanilla powder is an alternative product widely used in many food preparations. The vanilla powder may be pure powdered vanilla or a mixture of vanilla oleoresin with sugar, food starch, or gum acacia. The beans of Vanilla (*Vanilla plan folia* Andrews) are the principal source of the natural vanilla of commerce. Natural vanillin is mellow, delicate, rich in aroma, and has a pleasant aftertaste. The aroma of natural vanillin is attributable to the secondary flavour components present in it. The fragrance of vanilla beans is due to vanillin which is produced by enzyme action during the curing

process. Properly cured beans have a dark chocolate brown colour, good aroma, oily and flexible texture with 20-30% moisture.

## **2. MARKET POTENTIAL:**

The Global Vanilla Powder Market is growing at a faster pace with substantial growth rates over the last few years and is estimated that the market will grow significantly in the forecasted period i.e., 2020 to 2027. The global vanilla powder market is expected to grow at a CAGR of 4.5% during the forecast period, to reach USD 1.2 billion by 2028. The growth of the market can be attributed to the increasing demand for bakery products and beverages across the globe, which in turn is driving the demand for vanilla powder. The COVID-19 pandemic unleashed a series of events affecting the entire supply chain of the food and beverage industry. However, the demand from the consumer-created a bullwhip effect on the food industry, including more convenient, shelf-stable, and processed products, thereby, the vanilla market kept its phase. Vanilla has been one of the most popular flavours in various applications. The market's growth is driven by its diversified applications in end-user industries, ranging from food and beverage to pharmaceuticals. The growing popularity of vegan food items is also expected to fuel the growth of this market during the forecast period. There is an increased demand for natural vanilla-based products globally and demand for natural vanilla is growing up. Vanilla powder is a popular food additive, typically used in baked goods. Vanilla powder is used in various food applications including baked goods, confectionery items, beverages, dairy products, and sauces among others which are driving the growth of the market globally. The growing demand for natural ingredients in food products has led to an increase in the use of vanilla powder which has resulted in an increased demand for this product globally over the past few years. This trend is expected to continue over the forecast period owing to its high usage rate across various industries such as bakery & confectionery, dairy & sauces among others which will drive its growth during this period. It's made by drying and grinding vanilla beans into fine dust - similar to instant coffee or tea. Vanilla powder is a dry product that can be easily added to drinks and baked goods for extra flavour. It comes from vanilla beans, which are dried in the sun or with heat before being ground up. This gives it a dark brown colour while also releasing its rich scent. Vanilla Powder is a sweet and fragrant powder made from ground vanilla beans. It has been used for centuries in

desserts, beverages, syrups, and perfumes because of its unique flavour. Reduced consumption of away-from-home food is also a considerable factor that could restraint market growth, as the major vanilla bean buyers are food service providers and food manufacturers. Additionally, the use of processed vanilla in cosmetics and personal care products could fall, as cosmetic manufacturers have also reduced their production output.

### **3. PRODUCT DESCRIPTION**

#### **3.1 PRODUCT USES**

Vanilla powder made from vanilla beans can be sprinkled on baked goods like chocolate chip cookies, doughnuts, or toast for sweet, fragrant flavor. Can add it to coffee, or can use it to infuse pancake or waffle mixes. Vanilla powder is a great alternative to vanilla extract when it comes to baked goods that can't handle additional liquid, or using high-heat methods.

#### **3.2 PRODUCT RAW MATERIAL**

- **Vanilla beans:** Cured or uncured vanilla beans can be procured for vanilla powder production. The vanilla bean curing process can be time-consuming hence many vendors prefer cured vanilla beans for production.



- **Other:** Cane sugar, Additives, Packing materials, etc.

### **3.3 MANUFACTURING PROCESS**

This process can be broken down into the following steps-

- **Raw material procurement**
- **Powder Making Process**
- **Packing**
- **Testing**

#### **Powder Making Process**

##### **1. Curing of Vanilla Beans**

- i. Blanching
- ii. Sweating
- iii. Slow drying
- iv. Conditioning

##### **2. Cryofreezing using liquid Nitrogen**

##### **3. Mixing and Grinding**

##### **4. Sieving**

##### **5. Packaging**



Bean curing



Bean grinding



Sieving



Blending



Powder filling

## Testing

Quality control: Fragrances, Flavourings, Texture, etc.

## 4. PROJECT COMPONENTS

### Plant & Machinery

This is a semi-automatic type of plant and the production capacity is set to be 360 Kg Vanilla Powder per day.

### Machines-

Sr No.	Plant & Machinery
1	Thermo stability chamber
2	Grinder
3	Powder sieving machine
4.	Blending machine
5.	Dryer
6.	Packing machine



<b>PROJECTED PROFITABILITY STATEMENT</b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
Capacity Utilisation %	<b>30%</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>	<b>50%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
VANILLA POWDER PRODUCTION UN	90.19	112.65	135.25	159.96	186.94
<b>Total</b>	<b>90.19</b>	<b>112.65</b>	<b>135.25</b>	<b>159.96</b>	<b>186.94</b>
<b><u>COST OF SALES</u></b>					
Raw Material Consumed	58.32	71.44	85.54	101.09	117.72
Electricity Expenses	3.60	4.20	4.80	5.40	6.00
Depreciation	3.08	2.61	2.22	1.89	1.61
Wages & labour	9.84	10.82	12.45	14.31	15.75
Repair & maintenance	0.99	1.24	1.49	1.76	2.06
Packaging	0.72	1.13	1.35	1.60	1.87
<b>Cost of Production</b>	<b>76.55</b>	<b>91.45</b>	<b>107.85</b>	<b>126.05</b>	<b>145.00</b>
<b>Add: Opening Stock</b>	<b>-</b>	<b>1.79</b>	<b>2.13</b>	<b>2.52</b>	<b>2.94</b>
<b>Less: Closing Stock</b>	<b>1.79</b>	<b>2.13</b>	<b>2.52</b>	<b>2.94</b>	<b>3.38</b>
Cost of Sales	74.76	91.10	107.46	125.63	144.56
<b>GROSS PROFIT</b>	<b>15.42</b>	<b>21.55</b>	<b>27.79</b>	<b>34.34</b>	<b>42.39</b>
	<b>17.10%</b>	<b>19.13%</b>	<b>20.55%</b>	<b>21.47%</b>	<b>22.67%</b>
Salary to Staff	7.80	9.36	11.23	13.48	14.83
Interest on Term Loan	1.81	1.60	1.15	0.70	0.24
Interest on working Capital	0.44	0.44	0.44	0.44	0.44
Rent	2.40	2.88	3.74	4.87	6.28
Selling & Administrative Exp.	0.99	2.82	3.38	4.00	4.67
<b>TOTAL</b>	<b>13.45</b>	<b>17.09</b>	<b>19.94</b>	<b>23.48</b>	<b>26.46</b>
NET PROFIT	1.98	4.45	7.85	10.86	15.92
	<b>2.19%</b>	<b>3.95%</b>	<b>5.80%</b>	<b>6.79%</b>	<b>8.52%</b>
Taxation	-	0.10	0.43	0.92	2.15
PROFIT (After Tax)	1.98	4.36	7.42	9.94	13.77

<b>PROJECTED BALANCE SHEET</b>					(in Lacs)
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>Liabilities</u></b>					
<b>Capital</b>					
Opening balance		3.39	6.24	9.66	13.10
Add:- Own Capital	2.41				
Add:- Retained Profit	1.98	4.36	7.42	9.94	13.77
Less:- Drawings	1.00	1.50	4.00	6.50	10.00
<b>Closing Balance</b>	<b><u>3.39</u></b>	<b><u>6.24</u></b>	<b><u>9.66</u></b>	<b><u>13.10</u></b>	<b><u>16.87</u></b>
Term Loan	16.40	12.30	8.20	4.10	-
Working Capital Limit	4.00	4.00	4.00	4.00	4.00
Sundry Creditors	1.36	1.67	2.00	2.36	2.75
Provisions & Other Liability	1.00	1.20	1.44	1.73	2.07
<b>TOTAL :</b>	<b>26.15</b>	<b>25.41</b>	<b>25.30</b>	<b>25.29</b>	<b>25.69</b>
<b><u>Assets</u></b>					
<b>Fixed Assets ( Gross)</b>					
	20.50	20.50	20.50	20.50	20.50
Gross Dep.	3.08	5.69	7.91	9.80	11.40
<b>Net Fixed Assets</b>	<b>17.43</b>	<b>14.81</b>	<b>12.59</b>	<b>10.70</b>	<b>9.10</b>
<b>Current Assets</b>					
Sundry Debtors	3.01	3.75	4.51	5.33	6.23
Stock in Hand	3.15	3.80	4.51	5.30	6.13
Cash and Bank	2.57	3.04	3.69	3.95	4.24
<b>TOTAL :</b>	<b>26.15</b>	<b>25.41</b>	<b>25.30</b>	<b>25.29</b>	<b>25.69</b>
	-	-	-	-	-

<b><u>PROJECTED CASH FLOW STATEMENT</u></b>					<b>(in Lacs)</b>
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
<b><u>SOURCES OF FUND</u></b>					
Own Margin	2.41				
Net Profit	1.98	4.45	7.85	10.86	15.92
Depreciation & Exp. W/off	3.08	2.61	2.22	1.89	1.61
Increase in Cash Credit	4.00	-	-	-	-
Increase In Term Loan	18.45	-	-	-	-
Increase in Creditors	1.36	0.31	0.33	0.36	0.39
Increase in Provisions & Oth labilities	1.00	0.20	0.24	0.29	0.35
	-				
<b>TOTAL :</b>	<b>32.27</b>	<b>7.57</b>	<b>10.64</b>	<b>13.40</b>	<b>18.26</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	20.50				
Increase in Stock	3.15	0.65	0.71	0.79	0.83
Increase in Debtors	3.01	0.75	0.75	0.82	0.90
Repayment of Term Loan	2.05	4.10	4.10	4.10	4.10
	-	-	-	-	-
Drawings	1.00	1.50	4.00	6.50	10.00
Taxation	-	0.10	0.43	0.92	2.15
<b>TOTAL :</b>	<b>29.70</b>	<b>7.10</b>	<b>9.99</b>	<b>13.13</b>	<b>17.98</b>
Opening Cash & Bank Balance	-	2.57	3.04	3.69	3.95
Add : Surplus	2.57	0.47	0.64	0.26	0.28
Closing Cash & Bank Balance	<b>2.57</b>	<b>3.04</b>	<b>3.69</b>	<b>3.95</b>	<b>4.24</b>

<b><u>CALCULATION OF D.S.C.R</u></b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
CASH ACCRUALS	5.05	6.97	9.64	11.83	15.38
Interest on Term Loan	1.81	1.60	1.15	0.70	0.24
<b>Total</b>	<b>6.87</b>	<b>8.57</b>	<b>10.79</b>	<b>12.52</b>	<b>15.62</b>
<b><u>REPAYMENT</u></b>					
Instalment of Term Loan	2.05	4.10	4.10	4.10	4.10
Interest on Term Loan	1.81	1.60	1.15	0.70	0.24
Total	3.86	5.70	5.25	4.80	4.34
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.78</b>	<b>1.50</b>	<b>2.06</b>	<b>2.61</b>	<b>3.60</b>
<b>AVERAGE D.S.C.R.</b>	<b>2.27</b>				

# REPAYMENT SCHEDULE OF TERM LOAN

Interest 11.00%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
<b>1st</b>	Opening Balance						
	1st month	-	18.45	18.45	-	-	18.45
	2nd month	18.45	-	18.45	0.17	-	18.45
	3rd month	18.45	-	18.45	0.17	-	18.45
	4th month	18.45	-	18.45	0.17		18.45
	5th month	18.45	-	18.45	0.17		18.45
	6th month	18.45	-	18.45	0.17		18.45
	7th month	18.45	-	18.45	0.17	0.34	18.11
	8th month	18.11	-	18.11	0.17	0.34	17.77
	9th month	17.77	-	17.77	0.16	0.34	17.43
	10th month	17.43	-	17.43	0.16	0.34	17.08
	11th month	17.08	-	17.08	0.16	0.34	16.74
	12th month	16.74	-	16.74	0.15	0.34	16.40
					<b>1.81</b>	<b>2.05</b>	
<b>2nd</b>	Opening Balance						
	1st month	16.40	-	16.40	0.15	0.34	16.06
	2nd month	16.06	-	16.06	0.15	0.34	15.72
	3rd month	15.72	-	15.72	0.14	0.34	15.38
	4th month	15.38	-	15.38	0.14	0.34	15.03
	5th month	15.03	-	15.03	0.14	0.34	14.69
	6th month	14.69	-	14.69	0.13	0.34	14.35
	7th month	14.35	-	14.35	0.13	0.34	14.01
	8th month	14.01	-	14.01	0.13	0.34	13.67
	9th month	13.67	-	13.67	0.13	0.34	13.33
	10th month	13.33	-	13.33	0.12	0.34	12.98
	11th month	12.98	-	12.98	0.12	0.34	12.64
	12th month	12.64	-	12.64	0.12	0.34	12.30
					<b>1.60</b>	<b>4.10</b>	
<b>3rd</b>	Opening Balance						
	1st month	12.30	-	12.30	0.11	0.34	11.96
	2nd month	11.96	-	11.96	0.11	0.34	11.62
	3rd month	11.62	-	11.62	0.11	0.34	11.28
	4th month	11.28	-	11.28	0.10	0.34	10.93
	5th month	10.93	-	10.93	0.10	0.34	10.59
	6th month	10.59	-	10.59	0.10	0.34	10.25
	7th month	10.25	-	10.25	0.09	0.34	9.91
	8th month	9.91	-	9.91	0.09	0.34	9.57
	9th month	9.57	-	9.57	0.09	0.34	9.23
	10th month	9.23	-	9.23	0.08	0.34	8.88
	11th month	8.88	-	8.88	0.08	0.34	8.54
	12th month	8.54	-	8.54	0.08	0.34	8.20

				<b>1.15</b>	<b>4.10</b>	
<b>4th</b>	Opening Balance					
	1st month	8.20	-	8.20	0.08	7.86
	2nd month	7.86	-	7.86	0.07	7.52
	3rd month	7.52	-	7.52	0.07	7.18
	4th month	7.18	-	7.18	0.07	6.83
	5th month	6.83	-	6.83	0.06	6.49
	6th month	6.49	-	6.49	0.06	6.15
	7th month	6.15	-	6.15	0.06	5.81
	8th month	5.81	-	5.81	0.05	5.47
	9th month	5.47	-	5.47	0.05	5.13
	10th month	5.13	-	5.13	0.05	4.78
	11th month	4.78	-	4.78	0.04	4.44
	12th month	4.44	-	4.44	0.04	4.10
				<b>0.70</b>	<b>4.10</b>	
<b>5th</b>	Opening Balance					
	1st month	4.10	-	4.10	0.04	3.76
	2nd month	3.76	-	3.76	0.03	3.42
	3rd month	3.42	-	3.42	0.03	3.08
	4th month	3.08	-	3.08	0.03	2.73
	5th month	2.73	-	2.73	0.03	2.39
	6th month	2.39	-	2.39	0.02	2.05
	7th month	2.05	-	2.05	0.02	1.71
	8th month	1.71	-	1.71	0.02	1.37
	9th month	1.37	-	1.37	0.01	1.03
	10th month	1.03	-	1.03	0.01	0.68
	11th month	0.68	-	0.68	0.01	0.34
	12th month	0.34	-	0.34	0.00	-
				<b>0.24</b>	<b>4.10</b>	
	DOOR TO DOOR	60	MONTHS			
	MORATORIUM PERIOD	6	MONTHS			
	REPAYMENT PERIOD	54	MONTHS			

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