

BREAKFAST CEREALS

1. INTRODUCTION

The project, "Breakfast Cereals," embodies a micro and small investment opportunity within the picturesque region of Uttarakhand, India. This profile serves as a valuable reference for prospective entrepreneurs aspiring to enter the breakfast cereal manufacturing sector in Uttarakhand. The project aligns with the growing demand for nutritious and convenient breakfast options in the region.

2. PRODUCT & ITS APPLICATION

The core objective of the "Breakfast Cereals" project is to manufacture a range of wholesome and nutritious breakfast cereals. These cereals find extensive applications in various sectors:

- **Consumer Market:** The primary application is to offer consumers a ready-to-eat breakfast option that is not only convenient but also rich in essential nutrients.
- **Schools and Institutions:** The project can supply breakfast cereals to educational institutions, ensuring students have access to a nutritious start to their day.
- **Hospitals and Healthcare Facilities:** Hospitals can incorporate these cereals into their dietary offerings, catering to the nutritional needs of patients.
- **Retail Chains:** Collaborating with retail chains allows for wider distribution and accessibility of the product to consumers across Uttarakhand.
- **Export Opportunities:** The project can explore export opportunities, particularly to regions where there is a demand for healthy breakfast options.
- **Online Retail:** Leveraging e-commerce platforms can help reach a broader audience and offer the convenience of online ordering and home delivery.

3. DESIRED QUALIFICATION FOR PROMOTER

Prospective promoters of the project should have knowledge of food processing, business management, and nutrition, along with a commitment to quality and adherence to regulations. Understanding market trends, consumer preferences, and having a distribution network are crucial, as is the ability to innovate in cereal formulations and flavors. Compliance with food safety standards and certifications is also essential for success in Uttarakhand's breakfast cereal industry.

4. INDUSTRY OUTLOOK AND TRENDS

The "Breakfast Cereals" industry in Uttarakhand is driven by health consciousness, convenience, flavor variety, nutrition transparency, sustainable packaging, and local sourcing. Consumers prioritize nutritious, convenient, and environmentally friendly options, prompting manufacturers to offer diverse flavors, transparent labeling, and locally sourced products. These trends indicate substantial growth potential for cereal manufacturers in Uttarakhand, aligning with evolving consumer preferences and sustainability concerns.

The global breakfast cereal market is expected to grow at a compound annual growth rate (CAGR) of 6% between 2023 and 2030. This means that the market value, which was \$58.12 billion in 2022, is expected to reach \$92.54 billion by 2030. The breakfast cereal market in India is expected to grow by 5.9% in 2025 and reach 1.65 billion kilograms by 2028. The market is expected to grow by 7.95% annually from 2022 to 2028, reaching a value of USD 4.64 billion in 2023. Some of the healthiest breakfast cereals in India include: Oats, Muesli, Whole grain cereals, Cornflakes, Wheat flakes.

5. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY

The Breakfast Cereals project in Uttarakhand has significant market potential driven by changing consumer preferences for healthier and convenient options, rising urbanization, tourism, institutional buyers, and export opportunities. However, entrepreneurs may face marketing challenges such as competition from established brands, building an efficient distribution network, marketing and branding efforts, consumer education about nutritional benefits, maintaining quality assurance, packaging considerations, price sensitivity, and regulatory compliance. Overcoming these challenges requires differentiation, effective marketing, distribution strategies, quality assurance, consumer education, appropriate pricing, and adherence to regulations to tap into the promising market potential for breakfast cereals in Uttarakhand.

Here are some brands of breakfast cereals in India:

- General Mills: A leading producer of packaged foods, including breakfast cereals, snacks, and pet food
- Kellogg Co: A well-known brand that provides ready-to-eat cereals
- PepsiCo: In 2022, PepsiCo entered the ready-to-eat cereals segment with Quaker Oats Muesli
- Marico: Marico's Saffola Oats and PepsiCo's Quaker Oats have made oats a fast-growing subcategory in recent years
- Nestlé: Nestlé is a leading food company in India and the world, and its Cerelac is the best-selling baby cereal in India

- **Bagrrys India Limited:** A leading brand of health foods and breakfast cereals in the Indian subcontinent
- **Attune Foods LLC:** A manufacturer of natural and organic cereals and probiotic snack bars
- **Amaranth Muesli:** The Yummsy Granola Muesli contains organic grains and seeds
- **Patanjali Ayurved Limited:** Patanjali Ayurveda makes breakfast cereals, noodles, biscuits, and other consumer products

6. RAW MATERIAL REQUIREMENTS

The manufacturing of breakfast cereals in Uttarakhand requires specific raw materials to create nutritious and appealing products. These raw materials include:

- **Grains:** Primary grains such as wheat, rice, oats, corn, and barley are the base ingredients for most breakfast cereals.
- **Sweeteners:** Natural sweeteners like honey, maple syrup, or sugar and sugar substitutes may be used to add sweetness to the cereals.
- **Dried Fruits and Nuts:** Ingredients like raisins, almonds, cashews, and dried fruits are often added to enhance flavor and nutritional value.
- **Milk and Dairy Products:** Powdered milk or dairy alternatives like soy or almond milk can be used in the production of cereal varieties.
- **Flavorings:** Natural flavorings such as vanilla, cocoa, cinnamon, or fruit extracts may be incorporated for taste enhancement.
- **Preservatives:** Some cereals may require preservatives to extend shelf life, although many consumers prefer preservative-free options.
- **Packaging Materials:** Packaging materials like cardboard boxes, plastic bags, or resealable pouches are essential for storing and distributing the cereals.

Some of suppliers for raw materials are:

- **Natural Health and Food Store:** Purani Pet C/o Cravatextailor, Rambazar, Jagtial, Karimnagar-505327, Telangana, India
- **Hindustan Foreign Traders:** E-244/X, SHAHEEN BAGH , ABUL FAZAL ENCLAVE-II JAMIA NAGAR , OKHLA, JASOLA METRO STATION, New Delhi-110025, Delhi, India
- **Aushadhi Herbal:** 304, 3rd Floor Aggarwal Chamber, O And P Block, Dilshad Garden, New Delhi - 110095, Delhi, India
- **Shambhu Nath Suresh Kumar:** Shop No. 6701, Main Khari Baoli, Old Delhi, New Delhi - 110006, Delhi, India.

- A M Nutratch Private Limited: B20, Wazirpur Industrial Area, Ashok Vihar, New Delhi - 110052, Delhi, India
- STM Foods Private Limited: G 274, Ground Floor, Sector 63, Noida - 201307, Gautam Buddha Nagar, Uttar Pradesh, India

7. MANUFACTURING PROCESS

The breakfast cereal manufacturing process involves preparing raw materials like grains and additives, mixing and cooking them into a dough-like consistency, shaping them into desired forms, drying to remove moisture, flavoring, coating, and finally, cooling and packaging. Quality control is maintained at every step to ensure consistency, taste, and safety. Raw materials undergo cleaning, dehulling, and processing before mixing and cooking, followed by shaping using specialized equipment. Drying enhances shelf life, while flavoring and coating add taste and texture. The finished cereals undergo cooling and packaging with proper labeling and branding, ensuring quality throughout the manufacturing process.

The Bureau of Indian Standards (BIS) administers the ECO-Mark for milk-cereal based complementary foods.

The BIS standard 11536:2022 requires all processed cereal-based supplemental foods to be part of the ISI Certification Scheme. Products without the ISI Mark cannot be marketed, imported, or exported into the Indian consumer market.

According to the Bureau of Indian Standards (BIS), processed cereal-based supplemental foods must meet the following standards:

- No preservatives, artificial colors, or flavors
- Powder, small granules, or flakes
- Free of lumps and uniform in appearance
- At least 75% milled cereal and legumes
- Manufactured and packed under hygienic conditions
- Fresh and sweet flavor and odor
- No rancid taste or musty odor
- Free of dirt and extraneous matter
- Free of any material that is harmful to human health
- Reasonably free of scorched particles

8. MANPOWER REQUIREMENT

Sr. No	Particulars	No.	No of month in year	Wages/Salaries per month (Rs. In Lakhs)	Annual Expense (Rs. In Lakhs)
1	Self-employed	1	-	-	-
2	Skilled Person	2	12	0.2	4.8
3	Semi-skilled Person	3	12	0.15	5.4
4	Unskilled	4	12	0.12	5.76
	Total				15.96

9. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1
2	Construction (if applicable)	1.5
3	Procurement & installation of Plant & Machinery	2.5
4	Arrangement of Finance	1
5	Recruitment of required manpower	1
6	Total time required (some activities shall run concurrently)	3

10. COST OF PROJECT

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
1	Land	-
2	Building (Rented)	-
3	Plant & Machinery	14.10
4	Equipment and Furniture Exp.	2.27
5	Misc. Fixed Asset	0.02
6	Preoperative & Preliminary Exp.	0.15
7	Working Capital	3.90
	Total Project Cost	20.44

11. MEANS OF FINANCE

Bank-term loans are assumed @ 60%

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	8.18
2	Bank Finance	12.26
	Total	20.44

12. LIST OF MACHINERY REQUIRED

A. Machinery

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Grain Milling Machine	1	1.50	1.50
2	Mixing and Cooking Equipment	1	2.00	2.00
3	Shaping and Forming Machinery	1	1.20	1.20
4	Drying Equipment	1	0.80	0.80
5	Flavoring and Coating Machines	1	1.00	1.00
6	Packaging Machinery	1	1.80	1.80
7	Quality Control and Testing Equipment	1	0.50	0.50
8	Weighing and Packaging Equipment	1	0.60	0.60
9	Material Handling Equipment	1	0.40	0.40
10	Conveyor Systems	1	0.70	0.70
11	Industrial Refrigeration System	1	1.20	1.20
12	Backup Power Generator	0	0.90	0.90
Total Amount				12.60
Tax, Transportation, Insurance etc.				1.00
Electrification Exp.				0.50
Grand Total Amount				14.10

B. Furniture & Equipment

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Office Furniture and Workstations	set	0.80	0.80
2	Laboratory Equipment	set	0.95	0.95
3	Packaging Material Storage and Racks	-	0.12	0.12
	Total Rs.			2.27

1. New Imperial Associates Exim Private Limited

A-43, Ground Floor, Sector 57, Noida,
Gautam Buddha Nagar-201301,
Uttar Pradesh, India

2. Syam Engineers Food Process

D-3 24, Sector 63, Noida,
Gautam Budh Nagar-201307,
Uttar Pradesh, India

3. GBR Mechelectronic

Dwarka Mor Metro Station, Nawada,

13. PROFITABILITY CALCULATIONS

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realisation	72.00
B.	Cost of production	
i)	Raw materials	46.80
ii)	Utilities	0.50
iii)	Manpower Cost (Salaries/wages)	15.96
iv)	Administrative expenses	0.70
v)	Packaging Cost	0.23
vi)	Material Lost Cost	0.23
vii)	Selling & distribution expenses	2.04
viii)	Repairs & maintenance	0.00
ix)	Rent	0.40
x)	Interest	1.40
xi)	Misc. expenses	0.00
	Total (B)	68.27
	Gross profit/loss (A – B)	3.73
	Less: Depreciation	1.60
C.	PBIT	2.13
D.	Income-tax	3.50
E.	Net profit/loss	1.81
F.	Repayment (Annual)	1.18
G.	Retained surplus (E-F)	0.63

14. BREAKEVEN ANALYSIS

Fixed cost	
Land & Building Rent	0.40
Depreciation	1.60
Interest	1.40
Manpower	4.79
Total Fixed cost	8.19
Variable cost	
Raw materials	46.80
Utilities	0.50
ManPower	11.17
Administrative expenses	0.70
Selling & distribution expenses	2.04
Total Variable cost	61.21
Contribution margin	20%
Break-Even Point in Value	40.93

15. STATUTORY/GOVERNMENT APPROVALS

To establish and operate a "Breakfast Cereals" manufacturing project in Uttarakhand, India, entrepreneurs need to adhere to various statutory and government regulations. Here are some essential approvals and permits:

- A. **Business Registration:** Register the business entity with the Registrar of Companies (ROC) or other relevant authorities as per the chosen business structure (e.g., Private Limited, LLP).
- B. **Food Processing License:** Obtain a food processing license from the Food Safety and Standards Authority of India (FSSAI) to ensure compliance with food safety regulations.
- C. **Trade License:** Acquire a trade license from the local municipal corporation or panchayat, depending on the project's location.
- D. **Goods and Services Tax (GST) Registration:** Register for GST with the Goods and Services Tax Network (GSTN) to comply with India's indirect tax system.
- E. **Bureau of Indian Standards (BIS) Certification:** secure BIS certification for specific products to meet quality and safety standards.

16. BACKWARD AND FORWARD INTEGRATIONS

A. Backward Integration

Backward integration involves activities that bring the business closer to the source of raw materials or enhance control over the supply chain. Possible backward integration strategies for the "Breakfast Cereals" project include:

1. **Grain Farming:** Consider engaging in or partnering with local grain farmers to ensure a consistent and reliable supply of quality grains for cereal production.
2. **Ingredients Production:** If feasible, explore in-house production or sourcing of key ingredients like nuts, dried fruits, or flavorings to maintain product quality and reduce costs.
3. **Milling Operations:** Invest in grain milling machinery to process raw grains and ensure quality control over the primary ingredient.

B. Forward Integration

Forward integration aims to bring the "Breakfast Cereals" business closer to the end customers and markets. Potential forward integration strategies include:

1. **Retail Outlets:** Establish dedicated retail outlets in urban and suburban areas of Uttarakhand to directly sell breakfast cereals to consumers.

2. **Online Sales Platforms:** Develop an online presence through an e-commerce platform, enabling consumers to order cereals conveniently and have them delivered to their doorsteps.
3. **Hospital and Healthcare Facilities:** Explore partnerships with hospitals and healthcare facilities to provide cereals tailored to patients' dietary needs.
4. **Export Opportunities:** Assess the feasibility of exporting breakfast cereals to neighboring regions or countries with a demand for nutritious and convenient breakfast options.

By strategically implementing both backward and forward integration strategies, entrepreneurs can optimize their "Breakfast Cereals" business operations, maintain product quality, improve profitability, and expand their market presence in Uttarakhand and beyond.

17. TRAINING CENTERS AND COURSES

For entrepreneurs and individuals interested in venturing into the breakfast cereals manufacturing industry in Uttarakhand, gaining relevant knowledge and skills is essential. Here are some training centers and courses that can provide valuable insights and expertise in food processing and related areas:

1. **National Institute of Food Technology Entrepreneurship and Management (NIFTEM):**
 - Location: Kundli, Haryana (Near Uttarakhand)
 - Courses: NIFTEM offers various programs and short-term courses in food technology, food business management, and food safety. These courses can provide valuable knowledge and skills related to food processing and entrepreneurship.
2. **Food Craft Institute (FCI) Dehradun:**
 - Location: Dehradun, Uttarakhand
 - Courses: FCI Dehradun offers diploma and certificate courses in food production and bakery, which can be relevant for individuals interested in breakfast cereals manufacturing.
3. **Indian Institute of Packaging (IIP):**
 - Location: Mumbai, Maharashtra (Distance Learning Programs Available)
 - Courses: IIP offers packaging-related courses, which are crucial for understanding effective packaging solutions for breakfast cereals.
4. **Online Food Processing Courses:**

- Various online platforms offer courses related to food processing, quality control, and safety. These courses provide flexibility for entrepreneurs to learn at their own pace.
- Swayam portal (link: <https://swayam.gov.in/>) can also be accessed for enhanced learning on business commerce, accounting, production, marketing, and areas of entrepreneurship.

5. Government-Sponsored Skill Development Programs:

- Keep an eye on government-sponsored skill development initiatives, which may include courses related to food processing and entrepreneurship.

6. Entrepreneurship Development Programs (EDPs):

- EDPs organized by government agencies and entrepreneurship development institutes can provide guidance and training on starting and managing a food processing business.

7. Industry Associations and Chambers of Commerce:

- Organizations such as the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) often conduct training programs and seminars relevant to the food processing industry.

It's advisable for entrepreneurs to research and choose training centers and courses that align with their specific needs and goals. Additionally, staying updated with the latest developments in food processing and business management is crucial for success in the breakfast cereals manufacturing industry.

Disclaimer

Only few machine manufacturers/institutes are mentioned in the profile, although many machine manufacturers/institutes are available in the market. The addresses given for machinery manufacturers/institutes 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.