



## **Model Detailed Project Report**

### **RUSK MANUFACTURING UNIT**

**Prepared by**

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## **1. INTRODUCTION**

### **RUSK MANUFACTURING UNIT**



A rusk is a hard, dry biscuit or a twice-baked bread. It is sometimes used as a teether for babies. In some cultures, rusk is made of cake, rather than bread: this is sometimes referred to as cake rusk. In the UK, the name also refers to a wheat-based food additive.

Roasted Bread are called Rusk. It is having very good selves life and very tasty to eat. It will have all the ingredients and nutrients of Bread. It is neatly packed and sells in the market. The Manufacturing of Rusk also easy as the same bread is manufactured the bread are sliced in the slicing machine the sliced bread are again roasted in the oven to remove the moisture. Good Roasted bread will have no moisture and grips and dry.

## **2. MARKET POTENTIAL:**

The demand of processed and convenience food is increasing constantly due to urbanization , changing life style and food habits of the people. Bakery industry in India is the largest of the food industries with an annual turnover

of about Rs. 32000 million and has achieved 3rd position in generating revenue among processed food sector. With over 1.2 billion population and 350 million strong urban middle class and changing food habits, the processed food market is promising a huge potential to be tapped.

The Indian bakery industry is one of the biggest sections in the country's processed food industry. Bakery products, which include bread, rusk and biscuits, form the major baked foods accounting for over 82 per cent of the total bakery products produced in the country.

### **3. PRODUCT DESCRIPTION**

#### **3.1 PRODUCT BENEFITS**

Rusk may be served in different forms at any meal of the day, eaten as a snack and is even used as an ingredient in other culinary preparations. As a basic food worldwide, Dry bread has come to take on significance beyond mere nutrition, evolving into a fixture in religious rituals, secular cultural life and language.

- Dry bread is the third biggest contributor of protein in our daily diet. Protein is essential for growth, development and repair of the body. At Pat The Baker we source wheat with high protein content to provide a high protein content bread.
- Rusk are naturally low in fat and form part of a healthy, balanced diet.
- Rusk are rich in complex carbohydrates. Carbohydrates are an important part of our diet as they provide us with energy.

- Iron is a key nutrient in wheat flour and is essential for red blood cell formation, which aids oxygen transport around the body and is important for brain function.
- Rusk contains calcium and Calcium is well known for its importance in the formation of good teeth and strong bones and is also important for the proper functioning of nerves, muscles, kidneys and the heart.

### **3.2 Raw Material sources**

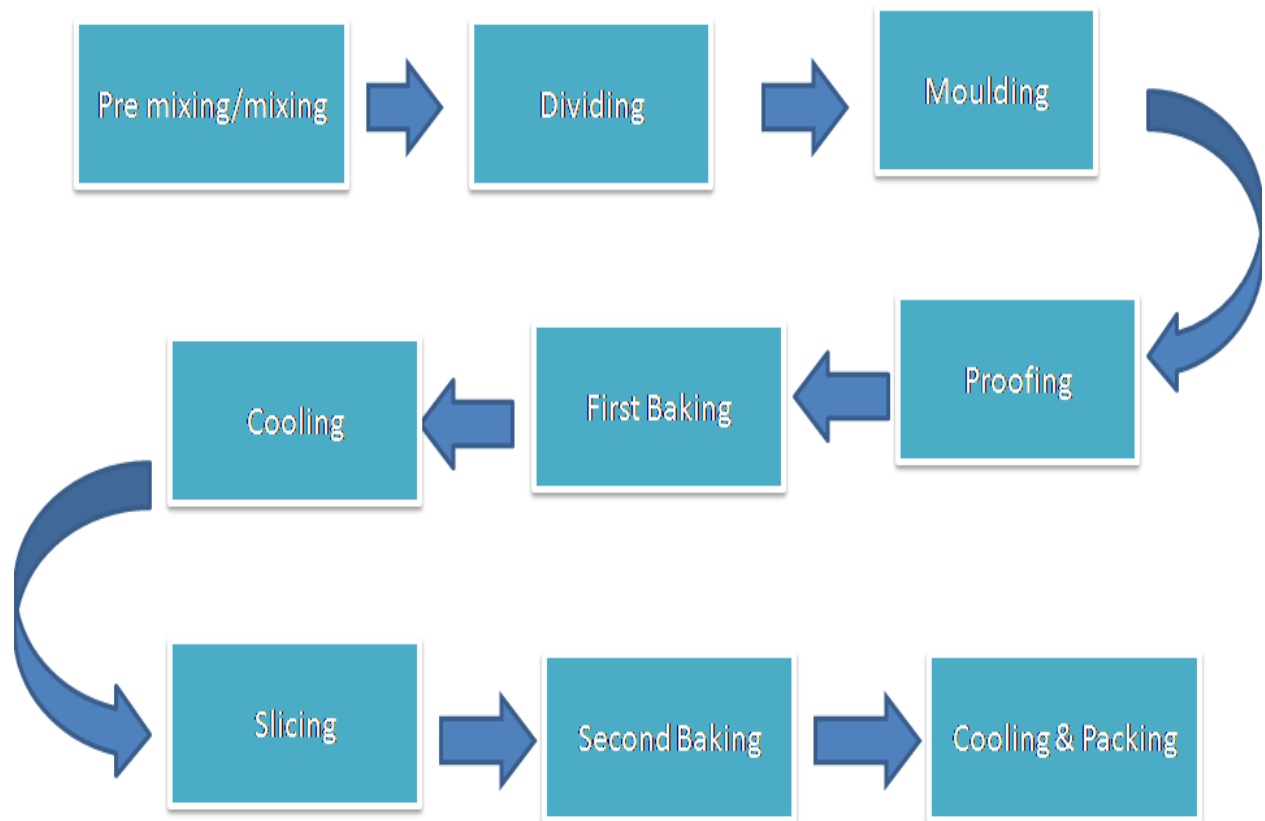
Rusk is made from wheat flour, sugar, skimmed milk powder, vegetable oil, gluten, malt extract, soy flour, salt, yeast, and water. It is eaten as a dunking biscuit, particularly with Persian chai (tea).

Key ingredients such as Wheat flour, Milk powder, Custard powder, Edible fat, Sugar, Yeast and Salt which are sufficiently available from a nearby wholesale distributor.

### **3.3 MANUFACTURING PROCESS**

- Procurement of raw material.
- Pre- mixing of ingredients as per formulation to form dough of proper consistency.
- The dough is then divided and pieces are put into molds for proofing, followed by first baking,
- Then rusk to be cooled for some time, after that second baking to be done and again cooling.
- Checking of final product, packaging & sent for sale.

## Rusk Manufacturing Process Flow Chart






### 4. PROJECT COMPONENTS

#### 4.1 Land

Land required 1800-2000 square feet approx.

Approximate rent for the same is Rs.30000-35000 per month.

## 4.2 Plant & Machinery

Machine	Machine Description	Image
Spiral Mixer	Spiral mixers are best suited for mixing bread, because they keep the dough at a lower temperature given how the mixer bowl rotates as the spiral hook spins to knead the dough	
Rotary Rack	They are ideal for baking of a wide range of baked goods including bread, rusk, cookies, cakes, and so much more	
Normal slicer	<b>Used for slicing rusk into small size.</b>	
Molds, storage tank, collection tank etc.	<b>Used for storage of raw material &amp; finished goods.</b>	

Note: Cost of the machinery is approx. Rs.10,00,000 excluding GST and other transportation cost.

#### **4.3 Misc. Assets**

<b>S.N.</b>	<b>Item Description</b>	<b>Rate</b>
1	electricity connection	70,000
2	Furniture and equipment's	50,000

#### **4.4 Power Requirement**

The borrower shall require power load of 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 Rusk manufacturing unit.

Includes:

2 Skilled Labour

2 Unskilled Labour

1 Helper

1 Accountant

## 5. FINANCIALS

### 5.1 Cost of Project

COST OF PROJECT			
(in Lacs)			
PARTICULARS	AMOUNT	Own Contribution	Bank Finance
		25.00%	75.00%
Land & Building		Owned /rented	
Plant & Machinery	10.00	2.50	7.50
Furniture & Fixtures and Other Assets	1.20	0.30	0.90
Working capital	5.33	1.33	4.00
<b>Total</b>	<b>16.53</b>	<b>4.13</b>	<b>12.40</b>

### 5.2 Means of Finance

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution	4.13
Bank Loan	8.40
Working capital Limit	4.00
<b>Total</b>	<b>16.53</b>



### 5.3 Projected Balance Sheet

(in Lacs)					
<b>PROJECTED BALANCE SHEET</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>Liabilities</u></b>					
Capital					
opening balance		4.42	6.06	7.75	9.67
<i>Add:- Own Capital</i>	4.13				
Add:- Retained Profit	1.79	4.39	6.69	8.92	11.10
Less:- Drawings	1.50	2.75	5.00	7.00	9.00
Closing Balance	4.42	6.06	7.75	9.67	11.77
Term Loan	7.47	5.60	3.73	1.87	-
Working Capital Limit	4.00	4.00	4.00	4.00	4.00
Sundry Creditors	1.62	1.84	2.08	2.33	2.59
Provisions & Other Liab	0.50	0.63	0.75	0.90	1.08
<b>TOTAL :</b>	<b>18.01</b>	<b>18.13</b>	<b>18.31</b>	<b>18.77</b>	<b>19.44</b>
<b><u>Assets</u></b>					
<b>Fixed Assets ( Gross)</b>	11.20	11.20	11.20	11.20	11.20
Gross Dep.	1.62	3.00	4.18	5.19	6.05
<b>Net Fixed Assets</b>	<b>9.58</b>	<b>8.20</b>	<b>7.02</b>	<b>6.01</b>	<b>5.15</b>
<b>Current Assets</b>					
Sundry Debtors	2.90	3.44	3.91	4.42	4.95
Stock in Hand	4.32	4.89	5.51	6.16	6.85
Cash and Bank	1.21	1.60	1.88	2.19	2.50
<b>TOTAL :</b>	<b>18.01</b>	<b>18.13</b>	<b>18.31</b>	<b>18.77</b>	<b>19.44</b>

## 5.4 Projected Cash Flow

(in Lacs)					
<b>PROJECTED CASH FLOW STATEMENT</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	4.13				
Net Profit	1.79	4.39	6.89	9.43	12.18
Depriciation & Exp. W/off	1.62	1.38	1.18	1.01	0.86
Increase in Cash Credit	4.00	-	-	-	-
Increase In Term Loan	8.40	-	-	-	-
Increase in Creditors	1.62	0.22	0.24	0.25	0.26
Increase in Provisions & Oth lib	0.50	0.13	0.13	0.15	0.18
<b>TOTAL :</b>	<b>22.06</b>	<b>6.12</b>	<b>8.43</b>	<b>10.84</b>	<b>13.48</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	11.20				
Increase in Stock	4.32	0.58	0.61	0.65	0.69
Increase in Debtors	2.90	0.54	0.47	0.50	0.53
Repayment of Term Loan	0.93	1.87	1.87	1.87	1.87
Drawings	1.50	2.75	5.00	7.00	9.00
Taxation	-	-	0.20	0.51	1.08
<b>TOTAL :</b>	<b>20.85</b>	<b>5.73</b>	<b>8.15</b>	<b>10.54</b>	<b>13.17</b>
Opening Cash & Bank Balance	-	1.21	1.60	1.88	2.19
Add : Surplus	1.21	0.39	0.28	0.31	0.31
Closing Cash & Bank Balance	<b>1.21</b>	<b>1.60</b>	<b>1.88</b>	<b>2.19</b>	<b>2.50</b>

## 5.5 Projected Profitability

(in Lacs)					
<b>PROJECTED PROFITABILITY STATEMENT</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>60%</b>	<b>65%</b>	<b>70%</b>	<b>75%</b>	<b>80%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
Rusk	87.00	103.09	117.32	132.46	148.49
<b>Total</b>	<b>87.00</b>	<b>103.09</b>	<b>117.32</b>	<b>132.46</b>	<b>148.49</b>
<b>COST OF SALES</b>					
Raw Material Consumed	54.00	61.43	69.30	77.63	86.40
Electricity Expenses	2.40	2.76	3.17	3.65	4.02
Depreciation	1.62	1.38	1.18	1.01	0.86
Wages & labour	5.88	6.47	7.11	7.83	8.61
Repair & maintenance	4.35	5.15	5.87	6.62	7.42
packaging	7.20	8.19	9.26	10.42	11.67
<b>Cost of Production</b>	<b>75.45</b>	<b>85.38</b>	<b>95.90</b>	<b>107.15</b>	<b>118.98</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>2.52</b>	<b>2.85</b>	<b>3.20</b>	<b>3.57</b>
<b>Less: Closing Stock /WIP</b>	<b>2.52</b>	<b>2.85</b>	<b>3.20</b>	<b>3.57</b>	<b>3.97</b>
Cost of Sales	72.94	85.05	95.55	106.78	118.58
<b>GROSS PROFIT</b>	<b>14.07</b>	<b>18.04</b>	<b>21.77</b>	<b>25.68</b>	<b>29.91</b>
Salary to Staff	3.06	3.37	3.70	4.07	4.48
Interest on Term Loan	0.83	0.73	0.52	0.32	0.11
Interest on working Capital	0.44	0.44	0.44	0.44	0.44

Rent	3.60	3.96	4.36	4.79	5.27
selling & adm exp	4.35	5.15	5.87	6.62	7.42
<b>TOTAL</b>	<b>12.28</b>	<b>13.65</b>	<b>14.89</b>	<b>16.24</b>	<b>17.73</b>
NET PROFIT	1.79	4.39	6.89	9.43	12.18
Taxation			0.20	0.51	1.08
PROFIT (After Tax)	1.79	4.39	6.69	8.92	11.10

## 5.6 Production and Yield

### COMPUTATION OF PRODUCTION OF Rusk

#### Items to be Manufactured

Rusk

machine capacity	50	KG per Hour
Working hours per Day	10	Hours
machine capacity per day	500	KG
machine capacity per annum	150000	KG

#### Final Product

One Packet size (assumed)	500	Grams
Total Packets per annum	300000	Packets

### Production of Rusk

Production	Capacity	Packets
1st year	60%	180,000
2nd year	65%	195,000
3rd year	70%	210,000
4th year	75%	225,000
5th year	80%	240,000

<b>Raw Material Cost</b>			
<b>Year</b>	<b>Capacity Utilisation</b>	<b>Rate (per KG)</b>	<b>Amount (Rs. in lacs)</b>
1st year	60%	60.00	54.00
2nd year	65%	63.00	61.43
3rd year	70%	66.00	69.30
4th year	75%	69.00	77.63
5th year	80%	72.00	86.40

<b>Packaging Charges</b>			
<b>Raw Material</b>	<b>Packets (500 Grams)</b>	<b>Rate per Packet</b>	<b>Amount (Rs. in lacs)</b>
1st year	180,000	4.00	7.20
2nd year	195,000	4.20	8.19
3rd year	210,000	4.41	9.26
4th year	225,000	4.63	10.42
5th year	240,000	4.86	11.67

## 5.7 Sales Revenue

<b><u>COMPUTATION OF SALE</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>
Op Stock	-	6,000	6,500	7,000	7,500
Production	180,000	195,000	210,000	225,000	240,000
Less : Closing Stock	6,000	6,500	7,000	7,500	8,000
<b>Net Sale</b>	<b>174,000</b>	<b>194,500</b>	<b>209,500</b>	<b>224,500</b>	<b>239,500</b>
sale price per Packet	50.00	53.00	56.00	59.00	62.00
<b>Sales (in Lacs)</b>	<b>87.00</b>	<b>103.09</b>	<b>117.32</b>	<b>132.46</b>	<b>148.49</b>

## 5.8 Working Capital Assessment

(in Lacs)					
<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</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>Finished Goods</u></b>					
	2.52	2.85	3.20	3.57	3.97
<b><u>Raw Material</u></b>					
	1.80	2.05	2.31	2.59	2.88
<b>Closing Stock</b>	<b>4.32</b>	<b>4.89</b>	<b>5.51</b>	<b>6.16</b>	<b>6.85</b>

<b><u>COMPUTATION OF WORKING CAPITAL REQUIREMENT</u></b>					
<b>TRADITIONAL METHOD</b>					
(in Lacs)					
<b>Particulars</b>	<b>Amount</b>	<b>Own Margin</b>		<b>Bank Finance</b>	
Finished Goods & Raw Material	4.32				
Less : Creditors	1.62				
<b>Paid stock</b>	<b>2.70</b>	<b>25%</b>	<b>0.67</b>	<b>75%</b>	<b>2.02</b>
<b>Sundry Debtors</b>	<b>2.90</b>	<b>25%</b>	<b>0.73</b>	<b>75%</b>	<b>2.18</b>
	<b>5.60</b>		<b>1.40</b>		<b>4.20</b>
<b>WORKING CAPITAL LIMIT DEMAND ( from Bank)</b>					
				<b>4.00</b>	

## 5.9 Power, Salary & Wages Calculation

<b>Utility Charges (per month)</b>		
<b>Particulars</b>	<b>value</b>	<b>Description</b>
Power connection required	8	KWH
consumption per day	80	units
Consumption per month	2,000	units
Rate per Unit	10	Rs.
power Bill per month	20,000	Rs.

<b><u>BREAK UP OF LABOUR CHARGES</u></b>			
<b>Particulars</b>	<b>Wages</b>	<b>No of</b>	<b>Total</b>
	<b>Rs. per Month</b>	<b>Employees</b>	<b>Salary</b>
Skilled (in thousand rupees)	15,000	2	30,000
Unskilled (in thousand rupees)	9,500	2	19,000
<b>Total salary per month</b>			<b>49,000</b>
<b>Total annual labour charges</b>	<b>(in lacs)</b>		<b>5.88</b>

<b><u>BREAK UP OF Staff Salary CHARGES</u></b>			
<b>Particulars</b>	<b>Salary</b>	<b>No of</b>	<b>Total</b>
	<b>Rs. per Month</b>	<b>Employees</b>	<b>Salary</b>
helper	7,500	1	7,500
Accountant	18,000	1	18,000
<b>Total salary per month</b>			<b>25,500</b>
<b>Total annual Staff charges</b>	<b>(in lacs)</b>		<b>3.06</b>

## 5.10 Depreciation

			(in Lacs)
<b>COMPUTATION OF DEPRECIATION</b>			
Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	-	-	-
Addition	10.00	1.20	11.20
Total	10.00	1.20	11.20
Less : Depreciation	1.50	0.12	1.62
<b>WDV at end of Year</b>	<b>8.50</b>	<b>1.08</b>	<b>9.58</b>
Additions During The Year	-	-	-
Total	8.50	1.08	9.58
Less : Depreciation	1.28	0.11	1.38
<b>WDV at end of Year</b>	<b>7.23</b>	<b>0.97</b>	<b>8.20</b>
Additions During The Year	-	-	-
Total	7.23	0.97	8.20
Less : Depreciation	1.08	0.10	1.18
<b>WDV at end of Year</b>	<b>6.14</b>	<b>0.87</b>	<b>7.02</b>
Additions During The Year	-	-	-
Total	6.14	0.87	7.02
Less : Depreciation	0.92	0.09	1.01
<b>WDV at end of Year</b>	<b>5.22</b>	<b>0.79</b>	<b>6.01</b>
Additions During The Year	-	-	-
Total	5.22	0.79	6.01
Less : Depreciation	0.78	0.08	0.86
<b>WDV at end of Year</b>	<b>4.44</b>	<b>0.71</b>	<b>5.15</b>



## 5.11 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
<b>1st</b>	Opening Balance						
	1st month	-	8.40	8.40	-	-	8.40
	2nd month	8.40	-	8.40	0.08	-	8.40
	3rd month	8.40	-	8.40	0.08	-	8.40
	4th month	8.40	-	8.40	0.08	-	8.40
	5th month	8.40	-	8.40	0.08	-	8.40
	6th month	8.40	-	8.40	0.08	-	8.40
	7th month	8.40	-	8.40	0.08	0.16	8.24
	8th month	8.24	-	8.24	0.08	0.16	8.09
	9th month	8.09	-	8.09	0.07	0.16	7.93
	10th month	7.93	-	7.93	0.07	0.16	7.78
	11th month	7.78	-	7.78	0.07	0.16	7.62
	12th month	7.62	-	7.62	0.07	0.16	7.47
					0.83	0.93	
<b>2nd</b>	Opening Balance						
	1st month	7.47	-	7.47	0.07	0.16	7.31
	2nd month	7.31	-	7.31	0.07	0.16	7.16
	3rd month	7.16	-	7.16	0.07	0.16	7.00
	4th month	7.00	-	7.00	0.06	0.16	6.84
	5th month	6.84	-	6.84	0.06	0.16	6.69
	6th month	6.69	-	6.69	0.06	0.16	6.53
	7th month	6.53	-	6.53	0.06	0.16	6.38
	8th month	6.38	-	6.38	0.06	0.16	6.22
	9th month	6.22	-	6.22	0.06	0.16	6.07
	10th month	6.07	-	6.07	0.06	0.16	5.91
	11th month	5.91	-	5.91	0.05	0.16	5.76
	12th month	5.76	-	5.76	0.05	0.16	5.60
					<b>0.73</b>	<b>1.87</b>	
<b>3rd</b>	Opening Balance						
	1st month	5.60	-	5.60	0.05	0.16	5.44
	2nd month	5.44	-	5.44	0.05	0.16	5.29
	3rd month	5.29	-	5.29	0.05	0.16	5.13
	4th month	5.13	-	5.13	0.05	0.16	4.98
	5th month	4.98	-	4.98	0.05	0.16	4.82
	6th month	4.82	-	4.82	0.04	0.16	4.67
	7th month	4.67	-	4.67	0.04	0.16	4.51
	8th month	4.51	-	4.51	0.04	0.16	4.36
	9th month	4.36	-	4.36	0.04	0.16	4.20

	10th month	4.20	-	4.20	0.04	0.16	4.04
	11th month	4.04	-	4.04	0.04	0.16	3.89
	12th month	3.89	-	3.89	0.04	0.16	3.73
					<b>0.52</b>	<b>1.87</b>	
<b>4th</b>	Opening Balance						
	1st month	3.73	-	3.73	0.03	0.16	3.58
	2nd month	3.58	-	3.58	0.03	0.16	3.42
	3rd month	3.42	-	3.42	0.03	0.16	3.27
	4th month	3.27	-	3.27	0.03	0.16	3.11
	5th month	3.11	-	3.11	0.03	0.16	2.96
	6th month	2.96	-	2.96	0.03	0.16	2.80
	7th month	2.80	-	2.80	0.03	0.16	2.64
	8th month	2.64	-	2.64	0.02	0.16	2.49
	9th month	2.49	-	2.49	0.02	0.16	2.33
	10th month	2.33	-	2.33	0.02	0.16	2.18
	11th month	2.18	-	2.18	0.02	0.16	2.02
	12th month	2.02	-	2.02	0.02	0.16	1.87
					<b>0.32</b>	<b>1.87</b>	
<b>5th</b>	Opening Balance						
	1st month	1.87	-	1.87	0.02	0.16	1.71
	2nd month	1.71	-	1.71	0.02	0.16	1.56
	3rd month	1.56	-	1.56	0.01	0.16	1.40
	4th month	1.40	-	1.40	0.01	0.16	1.24
	5th month	1.24	-	1.24	0.01	0.16	1.09
	6th month	1.09	-	1.09	0.01	0.16	0.93
	7th month	0.93	-	0.93	0.01	0.16	0.78
	8th month	0.78	-	0.78	0.01	0.16	0.62
	9th month	0.62	-	0.62	0.01	0.16	0.47
	10th month	0.47	-	0.47	0.00	0.16	0.31
	11th month	0.31	-	0.31	0.00	0.16	0.16
	12th month	0.16	-	0.16	0.00	0.16	-
					<b>0.11</b>	<b>1.87</b>	
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

## 5.12 Financial Indicators

<b>FINANCIAL INDICATORS</b>					
<b>PARTICULARS</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>	<b>4th year</b>	<b>5th year</b>
TURNOVER	87.00	103.09	117.32	132.46	148.49
GROSS PROFIT	14.07	18.04	21.77	25.68	29.91
<b>G.P. RATIO</b>	<b>16.17%</b>	<b>17.50%</b>	<b>18.56%</b>	<b>19.39%</b>	<b>20.14%</b>
NET PROFIT	1.79	4.39	6.89	9.43	12.18
<b>N.P. RATIO</b>	<b>2.06%</b>	<b>4.26%</b>	<b>5.87%</b>	<b>7.12%</b>	<b>8.20%</b>
CURRENT ASSETS	8.43	9.93	11.30	12.76	14.30
CURRENT LIABILITIES	6.12	6.47	6.83	7.23	7.67
<b>CURRENT RATIO</b>	<b>1.38</b>	<b>1.54</b>	<b>1.65</b>	<b>1.77</b>	<b>1.86</b>
TERM LOAN	7.47	5.60	3.73	1.87	-
TOTAL NET WORTH	4.42	6.06	7.75	9.67	11.77
<b>DEBT/EQUITY</b>	<b>1.69</b>	<b>0.92</b>	<b>0.48</b>	<b>0.19</b>	<b>-</b>
TOTAL NET WORTH	4.42	6.06	7.75	9.67	11.77
TOTAL OUTSIDE LIABILITIES	13.59	12.07	10.56	9.10	7.67
<b>TOL/TNW</b>	<b>3.07</b>	<b>1.99</b>	<b>1.36</b>	<b>0.94</b>	<b>0.65</b>
PBDIT	4.68	6.94	9.03	11.20	13.59
INTEREST	1.27	1.17	0.96	0.76	0.55
<b>INTEREST COVERAGE RATIO</b>	<b>3.69</b>	<b>5.94</b>	<b>9.39</b>	<b>14.80</b>	<b>24.66</b>
WDV	9.58	8.20	7.02	6.01	5.15
TERM LOAN	7.47	5.60	3.73	1.87	-
<b>FACR</b>	<b>1.28</b>	<b>1.46</b>	<b>1.88</b>	<b>3.22</b>	<b>-</b>

### 5.13 DSCR

<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	3.41	5.77	7.87	9.93	11.96
Interest on Term Loan	0.83	0.73	0.52	0.32	0.11
<b>Total</b>	<b>4.24</b>	<b>6.50</b>	<b>8.39</b>	<b>10.25</b>	<b>12.07</b>
<b><u>REPAYMENT</u></b>					
Instalment of Term Loan	0.93	1.87	1.87	1.87	1.87
Interest on Term Loan	0.83	0.73	0.52	0.32	0.11
<b>Total</b>	<b>1.76</b>	<b>2.59</b>	<b>2.39</b>	<b>2.18</b>	<b>1.98</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.41</b>	<b>2.51</b>	<b>3.51</b>	<b>4.69</b>	<b>6.10</b>
<b>AVERAGE D.S.C.R.</b>	<b>3.84</b>				

### 5.14 Break Even Point Analysis

<b>BREAK EVEN POINT ANALYSIS</b>					
<b>Year</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>Net Sales &amp; Other Income</b>	87.00	103.09	117.32	132.46	148.49
Less : Op. WIP Goods	-	2.52	2.85	3.20	3.57
Add : Cl. WIP Goods	2.52	2.85	3.20	3.57	3.97

<b>Total Sales</b>	<b>89.52</b>	<b>103.42</b>	<b>117.67</b>	<b>132.83</b>	<b>148.88</b>
<b>Variable &amp; Semi Variable Exp.</b>					
Raw Material Consumed	54.00	61.43	69.30	77.63	86.40
Electricity Exp/Coal Consumption at 85%	2.04	2.35	2.70	3.10	3.41
Wages & Salary at 60%	5.36	5.90	6.49	7.14	7.85
Selling & administrative Expenses 80%	3.48	4.12	4.69	5.30	5.94
Interest on working Capital	0.44	0.44	0.44	0.44	0.44
Repair & maintenance	4.35	5.15	5.87	6.62	7.42
Packaging	7.20	8.19	9.26	10.42	11.67
<b>Total Variable &amp; Semi Variable Exp</b>	<b>76.87</b>	<b>87.58</b>	<b>98.75</b>	<b>110.65</b>	<b>123.14</b>
<b>Contribution</b>	<b>12.64</b>	<b>15.84</b>	<b>18.92</b>	<b>22.18</b>	<b>25.75</b>
<b>Fixed &amp; Semi Fixed Expenses</b>					
Electricity Exp/Coal Consumption at 15%	0.36	0.41	0.48	0.55	0.60
Wages & Salary at 40%	3.58	3.93	4.33	4.76	5.24
Interest on Term Loan	0.83	0.73	0.52	0.32	0.11
Depreciation	1.62	1.38	1.18	1.01	0.86
Selling & administrative Expenses 20%	0.87	1.03	1.17	1.32	1.48
Rent	3.60	3.96	4.36	4.79	5.27
<b>Total Fixed Expenses</b>	<b>10.85</b>	<b>11.45</b>	<b>12.04</b>	<b>12.75</b>	<b>13.57</b>
<b>Capacity Utilization</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>	<b>75%</b>	<b>80%</b>
<b>OPERATING PROFIT</b>	<b>1.79</b>	<b>4.39</b>	<b>6.89</b>	<b>9.43</b>	<b>12.18</b>
<b>BREAK EVEN POINT</b>	<b>52%</b>	<b>47%</b>	<b>45%</b>	<b>43%</b>	<b>42%</b>
<b>BREAK EVEN SALES</b>	<b>76.84</b>	<b>74.76</b>	<b>74.84</b>	<b>76.34</b>	<b>78.46</b>

## **6. LICENSE & APPROVALS**

- Obtain the GST registration.
- Additionally, obtain the UDYAM registration Number.
- FSSAI License.
- Fire/pollution license as required.
- Factory 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
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)	5-6 Months

## **7. ASSUMPTIONS**

1. Production Capacity of Rusk is 500 Kgs per day. First year, Capacity has been taken @ 60%.
2. Working shift of 10 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 10 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 8-10 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.