



## **Model Detailed Project Report**

### **BREAD MANUFACTURING**

**Prepared by**

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## 1. INTRODUCTION

### BREAD



Bread is one of the oldest and largest consumed foodstuffs and is consumed across the globe by all age groups. Bread is a staple food prepared from a dough of flour and water, usually by baking. Throughout recorded history it has been a prominent food in large parts of the world and is one of the oldest man-made foods, having been of significant importance since the dawn of agriculture.

Bread is the product of baking a mixture of flour, water, salt, yeast and other ingredients. From nutritional perspective, good bread has a range of standards from wheat cultivation to storage methods. Bread provides also essential dietary minerals, mostly magnesium, calcium, potassium, sodium, and iron. It could be an ideal supplier of micronutrients in those cases where it is eventually fortified with them.

Bread may be described as a fermented confectionery product which is produced mainly from wheat flour, yeast, water, sugar, salt and other ingredients needed accordingly, by a series of process involving mixing, kneading, proofing, shaping, baking.

## **2. MARKET POTENTIAL:**

The Indian bread industry has come a long way since the 1990s. Bread has evolved from being perceived as a basic breakfast food item to being a confectionary item for some customers. Over the years, increasing disposable incomes, urbanization, and changing consumer preferences and lifestyles have given a boost to the bread industry.

Indian bread market stood at \$ 640.73 million in 2017, and is projected to grow at a CAGR of over 10.70%, in value terms, during 2019-2024, to reach \$ 1024.54 million by 2024. Market forces and demographic trends are continuously influencing supply and demand, expanding working population and increasing number of health-conscious consumers are aiding India bread market. Moreover, increasing disposable income along with changing lifestyle and awareness regarding the consumption of a balanced and healthy diet to reduce health problems, are some of the other factors expected to propel demand for bread over the next five years.

India's bread industry is dominated by unorganized players contributing to about 55% of the total market. However, their share is expected to decrease in the coming years, primarily due to increasing health awareness among consumers and their preferences shifting towards quality food products. In the organized sector.

### **3. PRODUCT DESCRIPTION**

#### **3.1 PRODUCT BENEFITS**

Bread is used as one of the most popular and loved food products around the world. It is available in lots of flavors and ingredients in the market so you will definitely find lots of choices when you are going to get bread food products for your family. However, bread is still one of the basic inclusions in the regular diet of people.

Following are the advantages of bread:

1. Availability of Calcium
2. Contains low fat & sugar
3. Tastes Great and easily available in the market.
4. Rich in iron.

#### **3.2 Raw Material sources**

The raw materials required for Bread is as follow:

<b>S.N.</b>	<b>Name</b>	<b>Measurement</b>	<b>Amount</b>
1	Flour	KG	Rs. 28-30
2	Gluten powder	KG	Rs. 150
3	Bread Improver	KG	Rs. 200
4	Calcium Powder	KG	Rs. 200
6	Sugar	KG	Rs. 30-40
7	Salt	KG	Rs. 20
8	Oil	Litre	Rs. 80-100

On an average raw material cost per KG of Final bread is approx. Rs.32-35.

### **3.3 MANUFACTURING PROCESS**

- The production of bread begins with mixing of the ingredients. For this purpose, 32-45% wheat flour, 50-64% water, 2% yeast, 2% salt and optionally fat, emulsifiers and sugar are combined.
- After mixing the ingredients, the dough is kneaded. By kneading the dough the network of gluten is formed and air bubbles are created, where the carbon dioxide (CO<sub>2</sub>), formed by fermentation, can accumulate.
- Proofing is the process of leaving the dough in the machine for 30 to 50 minutes at a steady temperature of 27°C.
- The rising of the dough will take about 30 minutes, at a humidity of 85% and a temperature of 34°C. During this process the dough can rest and this will make it easier to (pre) shape later.
- After the folding, the dough is shaped for use in a baking tin. The forming of the dough into a long roll is called shaping. During the shaping process the dough ball is rolled into a slab. This slab is then rolled back up to fit into the backing tin.
- The bread needs to cool down before it is cut and packed. Packing it before the bread is cooled down will lead to condensation in the bag.

## **4. PROJECT COMPONENTS**


### **4.1 Land**

Land required 800-1000 square feet approx.

Approximate rent for the same is Rs.16000-20000 per month.

## 4.2 Plant & Machinery

S.N.	Item Description	Image
1	<b>Dough Kneading machine</b>	
2	<b>Mixer machine</b>	
3	<b>Bread Slicing machine</b>	
4	<b>Baking oven</b>	

5	<b>Molds</b>	
6	<b>Collection tank etc.</b>	

Note: total cost of the machinery is approx. Rs.5,50,000 excluding GST and other transportation cost.

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

<b>S.N.</b>	<b>Item Description</b>	<b>Rate</b>
1	Electricity connection & Fitting	50,00
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**

4-5 Manpower are required for the bread manufacturing unit.

Includes:

1-2 Skilled Labour

2 Unskilled Labour

1 Helper

## 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	5.50	1.38	4.13
Furniture & Fixtures and Other Assets	1.00	0.25	0.75
Working capital	3.33	0.83	2.50
<b>Total</b>	<b>9.83</b>	<b>2.46</b>	<b>7.38</b>

### 5.2 Means of Finance

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution	2.46
Bank Loan	4.88
Working capital Limit	2.50
<b>Total</b>	<b>9.83</b>



### 5.3 Projected Balance Sheet

<b>PROJECTED BALANCE SHEET</b>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<b><u>Liabilities</u></b>					
Capital					
opening balance		2.86	4.05	5.12	5.83
<i>Add:- Own Capital</i>	2.46				
Add:- Retained Profit	1.40	2.44	3.57	4.71	6.52
Less:- Drawings	1.00	1.25	2.50	4.00	5.00
Closing Balance	2.86	4.05	5.12	5.83	7.35
Term Loan	4.33	3.25	2.17	1.08	-
Working Capital Limit	2.50	2.50	2.50	2.50	2.50
Sundry Creditors	1.28	1.50	1.73	1.98	2.24
Provisions & Other Liab	0.30	0.38	0.45	0.54	0.65
<b>TOTAL :</b>	<b>11.28</b>	<b>11.67</b>	<b>11.97</b>	<b>11.93</b>	<b>12.73</b>
<b><u>Assets</u></b>					
<b>Fixed Assets ( Gross)</b>	6.50	6.50	6.50	6.50	6.50
Gross Dep.	0.93	1.72	2.39	2.97	3.47
<b>Net Fixed Assets</b>	<b>5.58</b>	<b>4.78</b>	<b>4.11</b>	<b>3.53</b>	<b>3.03</b>
<b>Current Assets</b>					
Sundry Debtors	1.78	2.07	2.35	2.65	3.02
Stock in Hand	3.04	3.54	4.08	4.65	5.27
Cash and Bank	0.88	1.28	1.43	1.10	1.41
<b>TOTAL :</b>	<b>11.28</b>	<b>11.67</b>	<b>11.97</b>	<b>11.93</b>	<b>12.73</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	2.46				
Net Profit	1.40	2.44	3.57	4.71	6.69
Depreciation & Exp. W/off	0.93	0.79	0.68	0.58	0.50
Increase in Cash Credit	2.50	-	-	-	-
Increase In Term Loan	4.88	-	-	-	-
Increase in Creditors	1.28	0.22	0.23	0.25	0.26
Increase in Provisions & Oth lib	0.30	0.08	0.08	0.09	0.11
<b>TOTAL :</b>	<b>13.74</b>	<b>3.52</b>	<b>4.56</b>	<b>5.62</b>	<b>7.56</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	6.50				
Increase in Stock	3.04	0.50	0.54	0.57	0.62
Increase in Debtors	1.78	0.28	0.28	0.30	0.37
Repayment of Term Loan	0.54	1.08	1.08	1.08	1.08
Drawings	1.00	1.25	2.50	4.00	5.00
Taxation	-	-	-	-	0.18
<b>TOTAL :</b>	<b>12.86</b>	<b>3.12</b>	<b>4.41</b>	<b>5.96</b>	<b>7.25</b>
Opening Cash & Bank Balance	-	0.88	1.28	1.43	1.10
Add : Surplus	0.88	0.40	0.15	(0.33)	0.32
Closing Cash & Bank Balance	<b>0.88</b>	<b>1.28</b>	<b>1.43</b>	<b>1.10</b>	<b>1.41</b>

## 5.5 Projected Profitability

(in Lacs)					
<b><u>PROJECTED PROFITABILITY STATEMENT</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>
Capacity Utilization %	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
Bread	53.46	61.98	70.50	79.50	90.66
<b>Total</b>	<b>53.46</b>	<b>61.98</b>	<b>70.50</b>	<b>79.50</b>	<b>90.66</b>
<b><u>COST OF SALES</u></b>					
Raw Material Consumed	38.40	44.88	51.84	59.28	67.20
Electricity Expenses	0.96	1.06	1.16	1.28	1.41
Depreciation	0.93	0.79	0.68	0.58	0.50
Wages & labour	4.80	5.28	5.81	6.10	6.71
Repair & maintenance	0.80	0.77	0.71	0.72	0.68
Packaging Charges	0.94	0.99	1.06	1.03	1.18
Consumables	1.07	1.12	1.06	0.99	1.13
<b>Cost of Production</b>	<b>47.89</b>	<b>54.89</b>	<b>62.31</b>	<b>69.98</b>	<b>78.80</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>0.48</b>	<b>0.55</b>	<b>0.62</b>	<b>0.70</b>
<b>Less: Closing Stock /WIP</b>	<b>0.48</b>	<b>0.55</b>	<b>0.62</b>	<b>0.70</b>	<b>0.79</b>
Cost of Sales	47.41	54.82	62.23	69.90	78.71
<b>GROSS PROFIT</b>	<b>6.05</b>	<b>7.16</b>	<b>8.27</b>	<b>9.60</b>	<b>11.94</b>
Salary to Staff	0.90	0.99	1.09	1.20	1.32
Interest on Term Loan	0.48	0.42	0.30	0.18	0.06

Interest on working Capital	0.28	0.28	0.28	0.28	0.28
Rent	1.92	2.11	2.32	2.44	2.68
selling & adm exp	1.07	0.93	0.71	0.79	0.91
<b>TOTAL</b>	<b>4.64</b>	<b>4.73</b>	<b>4.70</b>	<b>4.89</b>	<b>5.25</b>
NET PROFIT	1.40	2.44	3.57	4.71	6.69
Taxation					0.18
PROFIT (After Tax)	1.40	2.44	3.57	4.71	6.52

## 5.6 Production and Yield

<b><u>COMPUTATION OF PRODUCTION OF BREAD</u></b>		
<b>Items to be Manufactured</b>		
Bread		
Machine Production capacity per Hour	100	KG
Working hours in a day	8	
Production Per Day	800	
No of Working Days in Month	25	
No of Working Days in a Year	300	
machine capacity per annum	240,000	KG

<b>Production of Bread</b>		
<b>Production</b>	<b>Capacity</b>	<b>KG</b>
1st year	50%	120,000
2nd year	55%	132,000
3rd year	60%	144,000
4th year	65%	156,000
5th year	70%	168,000

<b>Raw Material Cost</b>			
<b>Year</b>	<b>Capacity Utilization</b>	<b>Rate (per KG)</b>	<b>Amount (Rs. in lacs)</b>
1st year	50%	32.00	38.40
2nd year	55%	34.00	44.88
3rd year	60%	36.00	51.84
4th year	65%	38.00	59.28
5th year	70%	40.00	67.20

## **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	-	1,200	1,320	1,440	1,560
Production	120,000	132,000	144,000	156,000	168,000
Less : Closing Stock	1,200	1,320	1,440	1,560	1,680
<b>Net Sale</b>	<b>118,800</b>	<b>131,880</b>	<b>143,880</b>	<b>155,880</b>	<b>167,880</b>
sale price per KG	45.00	47.00	49.00	51.00	54.00
<b>Sales (in Lacs)</b>	<b>53.46</b>	<b>61.98</b>	<b>70.50</b>	<b>79.50</b>	<b>90.66</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>					
	0.48	0.55	0.62	0.70	0.79
<b><u>Raw Material</u></b>					
	2.56	2.99	3.46	3.95	4.48
<b>Closing Stock</b>	<b>3.04</b>	<b>3.54</b>	<b>4.08</b>	<b>4.65</b>	<b>5.27</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	3.04				
Less : Creditors	1.28				
<b>Paid stock</b>	<b>1.76</b>	<b>25%</b>	<b>0.44</b>	<b>75%</b>	<b>1.32</b>
<b>Sundry Debtors</b>	<b>1.78</b>	<b>25%</b>	<b>0.45</b>	<b>75%</b>	<b>1.34</b>
	<b>3.54</b>		<b>0.89</b>		<b>2.66</b>
<b>WORKING CAPITAL LIMIT DEMAND ( from Bank)</b>					
				<b>2.50</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	64	units
Consumption per month	1,600	units
Rate per Unit	10	Rs.
power Bill per month	16,000	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)	12,000	2	24,000
Unskilled (in thousand rupees)	8,000	2	16,000
<b>Total salary per month</b>			<b>40,000</b>
<b>Total annual labour charges</b>	<b>(in lacs)</b>		<b>4.80</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
<b>Total salary per month</b>			<b>7,500</b>
<b>Total annual Staff charges</b>	<b>(in lacs)</b>		<b>0.90</b>

## 5.10 Depreciation

			(in Lacs)
<b>COMPUTATION OF DEPRECIATION</b>			
<b>Description</b>	<b>Plant &amp; Machinery</b>	<b>Furniture</b>	<b>TOTAL</b>
Rate of Depreciation	<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	-	-	-
Addition	5.50	1.00	6.50
Total	5.50	1.00	6.50
Less : Depreciation	0.83	0.10	0.93
<b>WDV at end of Year</b>	<b>4.68</b>	<b>0.90</b>	<b>5.58</b>
Additions During The Year	-	-	-
Total	4.68	0.90	5.58
Less : Depreciation	0.70	0.09	0.79
<b>WDV at end of Year</b>	<b>3.97</b>	<b>0.81</b>	<b>4.78</b>
Additions During The Year	-	-	-
Total	3.97	0.81	4.78
Less : Depreciation	0.60	0.08	0.68
<b>WDV at end of Year</b>	<b>3.38</b>	<b>0.73</b>	<b>4.11</b>
Additions During The Year	-	-	-
Total	3.38	0.73	4.11
Less : Depreciation	0.51	0.07	0.58
<b>WDV at end of Year</b>	<b>2.87</b>	<b>0.66</b>	<b>3.53</b>
Additions During The Year	-	-	-
Total	2.87	0.66	3.53
Less : Depreciation	0.43	0.07	0.50
<b>WDV at end of Year</b>	<b>2.44</b>	<b>0.59</b>	<b>3.03</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	-	4.88	4.88	-	-	4.88
	2nd month	4.88	-	4.88	0.04	-	4.88
	3rd month	4.88	-	4.88	0.04	-	4.88
	4th month	4.88	-	4.88	0.04		4.88
	5th month	4.88	-	4.88	0.04		4.88
	6th month	4.88	-	4.88	0.04		4.88
	7th month	4.88	-	4.88	0.04	0.09	4.78
	8th month	4.78	-	4.78	0.04	0.09	4.69
	9th month	4.69	-	4.69	0.04	0.09	4.60
	10th month	4.60	-	4.60	0.04	0.09	4.51
	11th month	4.51	-	4.51	0.04	0.09	4.42
	12th month	4.42	-	4.42	0.04	0.09	4.33
					0.48	0.54	
<b>2nd</b>	Opening Balance						
	1st month	4.33	-	4.33	0.04	0.09	4.24
	2nd month	4.24	-	4.24	0.04	0.09	4.15
	3rd month	4.15	-	4.15	0.04	0.09	4.06
	4th month	4.06	-	4.06	0.04	0.09	3.97
	5th month	3.97	-	3.97	0.04	0.09	3.88
	6th month	3.88	-	3.88	0.04	0.09	3.79
	7th month	3.79	-	3.79	0.03	0.09	3.70
	8th month	3.70	-	3.70	0.03	0.09	3.61
	9th month	3.61	-	3.61	0.03	0.09	3.52
	10th month	3.52	-	3.52	0.03	0.09	3.43
	11th month	3.43	-	3.43	0.03	0.09	3.34
	12th month	3.34	-	3.34	0.03	0.09	3.25
					0.42	1.08	
<b>3rd</b>	Opening Balance						
	1st month	3.25	-	3.25	0.03	0.09	3.16
	2nd month	3.16	-	3.16	0.03	0.09	3.07
	3rd month	3.07	-	3.07	0.03	0.09	2.98
	4th month	2.98	-	2.98	0.03	0.09	2.89
	5th month	2.89	-	2.89	0.03	0.09	2.80
	6th month	2.80	-	2.80	0.03	0.09	2.71

	7th month	2.71	-	2.71	0.02	0.09	2.62
	8th month	2.62	-	2.62	0.02	0.09	2.53
	9th month	2.53	-	2.53	0.02	0.09	2.44
	10th month	2.44	-	2.44	0.02	0.09	2.35
	11th month	2.35	-	2.35	0.02	0.09	2.26
	12th month	2.26	-	2.26	0.02	0.09	2.17
					<b>0.30</b>	<b>1.08</b>	
<b>4th</b>	Opening Balance						
	1st month	2.17	-	2.17	0.02	0.09	2.08
	2nd month	2.08	-	2.08	0.02	0.09	1.99
	3rd month	1.99	-	1.99	0.02	0.09	1.90
	4th month	1.90	-	1.90	0.02	0.09	1.81
	5th month	1.81	-	1.81	0.02	0.09	1.72
	6th month	1.72	-	1.72	0.02	0.09	1.63
	7th month	1.63	-	1.63	0.01	0.09	1.53
	8th month	1.53	-	1.53	0.01	0.09	1.44
	9th month	1.44	-	1.44	0.01	0.09	1.35
	10th month	1.35	-	1.35	0.01	0.09	1.26
	11th month	1.26	-	1.26	0.01	0.09	1.17
	12th month	1.17	-	1.17	0.01	0.09	1.08
					<b>0.18</b>	<b>1.08</b>	
<b>5th</b>	Opening Balance						
	1st month	1.08	-	1.08	0.01	0.09	0.99
	2nd month	0.99	-	0.99	0.01	0.09	0.90
	3rd month	0.90	-	0.90	0.01	0.09	0.81
	4th month	0.81	-	0.81	0.01	0.09	0.72
	5th month	0.72	-	0.72	0.01	0.09	0.63
	6th month	0.63	-	0.63	0.01	0.09	0.54
	7th month	0.54	-	0.54	0.00	0.09	0.45
	8th month	0.45	-	0.45	0.00	0.09	0.36
	9th month	0.36	-	0.36	0.00	0.09	0.27
	10th month	0.27	-	0.27	0.00	0.09	0.18
	11th month	0.18	-	0.18	0.00	0.09	0.09
	12th month	0.09	-	0.09	0.00	0.09	-
					<b>0.06</b>	<b>1.08</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	53.46	61.98	70.50	79.50	90.66
GROSS PROFIT	6.05	7.16	8.27	9.60	11.94
<b>G.P. RATIO</b>	<b>11.31%</b>	<b>11.56%</b>	<b>11.73%</b>	<b>12.07%</b>	<b>13.17%</b>
NET PROFIT	1.40	2.44	3.57	4.71	6.69
<b>N.P. RATIO</b>	<b>2.63%</b>	<b>3.93%</b>	<b>5.07%</b>	<b>5.92%</b>	<b>7.38%</b>
CURRENT ASSETS	5.70	6.88	7.86	8.40	9.70
CURRENT LIABILITIES	4.08	4.37	4.68	5.02	5.39
<b>CURRENT RATIO</b>	<b>1.40</b>	<b>1.58</b>	<b>1.68</b>	<b>1.67</b>	<b>1.80</b>
TERM LOAN	4.33	3.25	2.17	1.08	-
TOTAL NET WORTH	2.86	4.05	5.12	5.83	7.35
<b>DEBT/EQUITY</b>	<b>1.51</b>	<b>0.80</b>	<b>0.42</b>	<b>0.19</b>	<b>-</b>
TOTAL NET WORTH	2.86	4.05	5.12	5.83	7.35
TOTAL OUTSIDE LIABILITIES	8.41	7.62	6.84	6.10	5.39
<b>TOL/TNW</b>	<b>2.94</b>	<b>1.88</b>	<b>1.34</b>	<b>1.05</b>	<b>0.73</b>
PBDIT	3.08	3.92	4.83	5.74	7.53
INTEREST	0.75	0.70	0.58	0.46	0.34
<b>INTEREST COVERAGE RATIO</b>	<b>4.09</b>	<b>5.63</b>	<b>8.36</b>	<b>12.52</b>	<b>22.18</b>
WDV	5.58	4.78	4.11	3.53	3.03
TERM LOAN	4.33	3.25	2.17	1.08	-
<b>FACR</b>	<b>1.29</b>	<b>1.47</b>	<b>1.90</b>	<b>3.26</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	2.33	3.23	4.25	5.29	7.01
Interest on Term Loan	0.48	0.42	0.30	0.18	0.06
<b>Total</b>	<b>2.81</b>	<b>3.65</b>	<b>4.55</b>	<b>5.47</b>	<b>7.08</b>
<b><u>REPAYMENT</u></b>					
Instalment of Term Loan	0.54	1.08	1.08	1.08	1.08
Interest on Term Loan	0.48	0.42	0.30	0.18	0.06
Total	1.02	1.51	1.39	1.27	1.15
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.75</b>	<b>2.42</b>	<b>3.28</b>	<b>4.32</b>	<b>6.17</b>
<b>AVERAGE D.S.C.R.</b>	<b>3.79</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>	53.46	61.98	70.50	79.50	90.66
Less : Op. WIP Goods	-	0.48	0.55	0.62	0.70
Add : Cl. WIP Goods	0.48	0.55	0.62	0.70	0.79
<b>Total Sales</b>	<b>53.94</b>	<b>62.05</b>	<b>70.58</b>	<b>79.58</b>	<b>90.74</b>
<b>Variable &amp; Semi Variable Exp.</b>					
Raw Material Consumed	38.40	44.88	51.84	59.28	67.20
Electricity Exp/Coal Consumption at 85%	0.82	0.90	0.99	1.09	1.19
Wages & Salary at 60%	3.42	3.76	4.14	4.38	4.82
Selling & administrative Expenses 80%	0.86	0.74	0.56	0.64	0.73
Interest on working Capital	0.275	0.275	0.275	0.275	0.275
Repair & maintenance	0.80	0.77	0.71	0.72	0.68
Pakaging charges	0.94	0.99	1.06	1.03	1.18
Consumables	1.07	1.12	1.06	0.99	1.13
<b>Total Variable &amp; Semi Variable Exp</b>	<b>46.57</b>	<b>53.44</b>	<b>60.62</b>	<b>68.40</b>	<b>77.20</b>
<b>Contribution</b>	<b>7.37</b>	<b>8.61</b>	<b>9.95</b>	<b>11.18</b>	<b>13.54</b>
<b>Fixed &amp; Semi Fixed Expenses</b>					
Electricity Exp/Coal Consumption at 15%	0.14	0.16	0.17	0.19	0.21
Wages & Salary at 40%	2.28	2.51	2.76	2.92	3.21
Interest on Term Loan	0.48	0.42	0.30	0.18	0.06
Depreciation	0.93	0.79	0.68	0.58	0.50

Selling & administrative Expenses 20%	0.21	0.19	0.14	0.16	0.18
Rent	1.92	2.11	2.32	2.44	2.68
<b>Total Fixed Expenses</b>	<b>5.96</b>	<b>6.18</b>	<b>6.38</b>	<b>6.47</b>	<b>6.85</b>
<b>Capacity Utilization</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>
<b>OPERATING PROFIT</b>	<b>1.40</b>	<b>2.44</b>	<b>3.57</b>	<b>4.71</b>	<b>6.69</b>
<b>BREAK EVEN POINT</b>	<b>40%</b>	<b>39%</b>	<b>38%</b>	<b>38%</b>	<b>35%</b>
<b>BREAK EVEN SALES</b>	<b>43.66</b>	<b>44.51</b>	<b>45.23</b>	<b>46.07</b>	<b>45.88</b>

## 6. LICENSE & APPROVALS

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- FSSAI 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	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)	3-4 Months

## **7. ASSUMPTIONS**

1. Production Capacity of Bread is 800 Kgs per day. First year, Capacity has been taken @ 50%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock is for 20 days and finished goods Closing Stock has been taken for 3 days (due to perishable nature of product).
4. Credit period to Sundry Debtors has been given for 10 days.
5. Credit period by the Sundry Creditors has been provided for 10 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 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.