

PROJECT REPORT

On

BREAD

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Bread 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.]

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BREAD

Introduction

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 may be leavened by processes such as reliance on naturally occurring sourdough microbes, chemicals, industrially produced yeast, or high-pressure aeration. Commercial bread commonly contains additives to improve flavour, texture, colour, shelf life, nutrition, and ease of manufacturing. Bread plays essential roles in religious rituals and secular culture.

History of Bread

Bread is one of the oldest prepared foods. Evidence from 30,000 years ago in Europe revealed starch residue on rocks used for pounding plants. It is possible that during this time, starch extract from the roots of plants, such as cattails and ferns, was spread on a flat rock, placed over a fire and cooked into a primitive form of flatbread. The world's oldest evidence of bread-making has been found in a 14,500-year-old Natufian site in Jordan's north-eastern desert. Around 10,000 BC, with the dawn of the Neolithic age and the spread of agriculture, grains became the mainstay of making bread. Yeast spores are ubiquitous, including on the surface of cereal grains, so any dough left to rest leavens naturally

Uses of bread

Bread can be served at many temperatures; once baked, it can subsequently be toasted. It is most commonly eaten with the hands, either by itself or as a carrier for other foods. Bread can be dipped into liquids such as gravy, olive oil, or soup; it can be topped with various sweet spreads or used to make sandwiches containing meats, cheeses, vegetables, and condiments.

Bread is used as an ingredient in other culinary preparations, such as the use of breadcrumbs to provide crunchy crusts or thicken sauces, sweet or savoury bread puddings, or as a binding agent in sausages and other ground meat product

Benefits of eating Bread

Bread is used as one of the most popular and loved food products around the world. It is available in lots of flavours 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.

Description of Bread Making Machine

Following machines are used for bread manufacturing:

- a) Baking oven
- b) Cream mixing machine
- c) Dough kneading machine
- d) Bread slicing machine
- e) Moulds

With the help of above mentioned machines the work of mixing, kneading, baking and slicing completes in a very short span.

Bread market analysis & 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.

Bread making 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 (CO₂), 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.

Machinery & Equipment's required:

Name	Cost
Dough Kneading machine	50,000
Baking Oven	1,10,000
Mixture	80,000
Bread Slicing Machine	19,000
Total cost	2,59,000

- ❖ Cost of the machine is exclusive of GST & value of the machine varies with the change in production capacity.

Note: This project report is based on 100 KG bread production Machine.

Land & Building required:

Land required 600-800 Square Feet (approx.)

Approximate rent for the same is approx. Rs. 20000-25000.

Raw material requirement

The raw materials required for Bread is as follow:

S.N.	Name	Measurement	Amount
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.

Labour & staff Requirement:

3 Manpower is required for the Bread making unit.

Includes:

- 1 Skilled Labour
- 2 Unskilled Labour

Bread manufacturing unit License & registration

For Proprietorship:

- Obtain the GST registration.
- Additionally, obtain Udyog Aadhar registration.
- FSSAI registration.
- 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	Construction (if Applicable)	1- 2 Months
3	Procurement & installation of Plant & Machinery	1
4	Arrangement of Finance	1
5	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	2 Months

FINANCIAL ASSISTANCE REQUIRED

Term Loan of Rs. 4.95 lakh and Working Capital limit of Rs. 2.25 Lacs

(in Lacs)

<u>COST OF PROJECT</u>	PARTICULARS	Amount	Own Contribution	Bank Finance
			10.00%	90.00%
	Building Civil Work	1.50	0.15	1.35
	Plant & Machinery Furniture & Fixtures and Other Assets	3.06 0.94	0.31 0.09	2.75 0.85
	Working capital	2.50	0.25	2.25
	Total	8.00	0.80	7.20

MEANS OF FINANCE

PARTICULARS	AMOUNT
Own Contribution	0.80
Bank Loan	4.95
Working capital Limit	2.25
Total	8.00

COMPUTATION OF PRODUCTION OF BREAD**Items to be Manufactured**

Bread

Machine capacity per day	100	KG
machine capacity per Month	2500	KG
machine capacity per annum	30000	KG

Final Product

One packet consists	750	Grams
Total Production Per annum	40000	Packets

Production of Bread

Production	Capacity	Packets
1st year	70%	28,000
2nd year	75%	30,000
3rd year	80%	32,000
4th year	85%	34,000
5th year	90%	36,000

Raw Material Cost			
Year	Capacity Utilisation	Rate (Per KG)	Amount (Rs. in lacs)
1st year	70%	32.00	6.72
2nd year	75%	32.96	7.42
3rd year	80%	33.95	8.15
4th year	85%	34.97	8.92
5th year	90%	36.02	9.72

<u>COMPUTATION OF SALE</u>					(In Lacs)
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	467	500	533	567
Production	28,000	30,000	32,000	34,000	36,000
Less : Closing Stock	467	500	533	567	600
Net Sale	27,533	29,967	31,967	33,967	35,967
sale price per 750 Grams Packet	50.00	51.00	52.02	53.06	54.12
Sales (in Lacs)	13.77	15.28	16.63	18.02	19.47

BREAK UP OF LABOUR CHARGES

Particulars	Wages	No of	Total
	Rs. per Month	Employees	Salary
Skilled (in thousand rupees)	9,000	1	9,000
Unskilled (in thousand rupees)	7,000	2	14,000
Total salary per month			23,000
Total annual labour charges	(in lacs)		2.76

Utility Charges at 100% capacity (per month)

Particulars	value	Description
Power connection required	1	KWH
consumption per day	8	units
Consumption per month	200	units
Rate per Unit	8	Rs.
power Bill per month	1,600	Rs.

PROJECTED PROFITABILITY STATEMENT					(In Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	70%	75%	80%	85%	90%
<u>SALES</u>					
Gross Sale					
Bread	13.77	15.28	16.63	18.02	19.47
Total	13.77	15.28	16.63	18.02	19.47
COST OF SALES					
Raw Material Consumed	6.72	7.42	8.15	8.92	9.72
Electricity Expenses	0.13	0.14	0.15	0.16	0.17
Depreciation	0.70	0.61	0.53	0.46	0.40
Labour	2.76	2.90	3.04	3.20	3.35
Repair & maintenance	0.41	0.46	0.50	0.54	0.58
Cost of Production	10.73	11.53	12.37	13.27	14.24
Add: Opening Stock /WIP	-	0.18	0.19	0.21	0.22
Less: Closing Stock /WIP	0.18	0.19	0.21	0.22	0.24
Cost of Sales	10.55	11.51	12.36	13.26	14.22
GROSS PROFIT	3.22	3.77	4.27	4.76	5.25
Interest on Term Loan	0.44	0.39	0.28	0.17	0.06
Interest on working Capital	0.24	0.24	0.24	0.24	0.24
Selling & distribution Expenses	0.69	0.76	0.83	0.94	1.01
TOTAL	1.37	1.39	1.35	1.34	1.31
NET PROFIT	1.85	2.38	2.92	3.42	3.94
Taxation					
PROFIT (After Tax)	1.85	2.38	2.92	3.42	3.94

PROJECTED BALANCE SHEET		(In Lacs)				
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	
<u>Liabilities</u>						
Capital						
opening balance		1.65	2.53	3.55	4.72	
<i>Add:- Own Capital</i>	0.80					
Add:- Retained Profit	1.85	2.38	2.92	3.42	3.94	
Less:- Drawings	1.00	1.50	1.90	2.25	2.75	
Closing Balance	1.65	2.53	3.55	4.72	5.90	
Term Loan	4.40	3.30	2.20	1.10	-	
Working Capital Limit	2.25	2.25	2.25	2.25	2.25	
Sundry Creditors	0.54	0.59	0.65	0.71	0.78	
Provisions & Other Liab	0.25	0.38	0.56	0.68	0.84	
TOTAL :	9.08	9.04	9.21	9.45	9.77	
<u>Assets</u>						
Fixed Assets (Gross)	5.50	5.50	5.50	5.50	5.50	
Gross Dep.	0.70	1.31	1.84	2.30	2.70	
Net Fixed Assets	4.79	4.18	3.66	3.20	2.80	
Current Assets						
Sundry Debtors	1.84	2.04	2.22	2.40	2.60	
Stock in Hand	1.19	1.23	1.29	1.41	1.53	
Cash and Bank	1.25	1.59	2.05	2.44	2.85	
TOTAL :	9.08	9.04	9.21	9.45	9.77	

PROJECTED CASH FLOW STATEMENT		(In Lacs)				
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	
<u>SOURCES OF FUND</u>						
Own Margin	0.80					
Net Profit	1.85	2.38	2.92	3.42	3.94	
Depreciation & Exp. W/off	0.70	0.61	0.53	0.46	0.40	
Increase in Cash Credit	2.25	-	-	-	-	
Increase In Term Loan	4.95	-	-	-	-	
Increase in Creditors	0.54	0.06	0.06	0.06	0.06	
Increase in Provisions & Oth lib	0.25	0.13	0.19	0.11	0.17	
TOTAL :	11.33	3.17	3.70	4.05	4.57	
<u>APPLICATION OF FUND</u>						
Increase in Fixed Assets	5.50					
Increase in Stock	1.19	0.04	0.06	0.12	0.12	
Increase in Debtors	1.84	0.19	0.18	0.19	0.19	
Repayment of Term Loan	0.55	1.10	1.10	1.10	1.10	
Drawings	1.00	1.50	1.90	2.25	2.75	
Taxation	-	-	-	-	-	
TOTAL :	10.08	2.83	3.24	3.65	4.17	
Opening Cash & Bank Balance	-	1.25	1.59	2.05	2.44	
Add : Surplus	1.25	0.34	0.46	0.40	0.40	
Closing Cash & Bank Balance	1.25	1.59	2.05	2.44	2.85	

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(In Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	0.18	0.19	0.21	0.22	0.24
<u>Raw Material</u>					
	1.01	1.04	1.09	1.19	1.30
Closing Stock	1.19	1.23	1.29	1.41	1.53

COMPUTATION OF WORKING CAPITAL REQUIREMENT					(In Lacs)
TRADITIONAL METHOD					
Particulars	Amount	Own contribution		Bank Finance	
Finished Goods & Raw Material	1.19	10%	0.12	90%	1.07
Less : Creditors	0.54	10%	0.05	90%	0.48
Paid stock	0.65	10%	0.07	90%	0.59
Sundry Debtors	1.84	10%	0.18	90%	1.66
	2.50	10%	0.25	90%	2.25
Working Capital Required					2.25

COMPUTATION OF DEPRECIATION

Description	Building & civil work	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	10.00%	15.00%	10.00%	
Opening Balance	-	-	-	-
Addition	1.50	3.06	0.94	5.50
Total	1.50	3.06	0.94	5.50
Less : Depreciation	0.15	0.46	0.09	0.70
WDV at end of Year	1.35	2.60	0.85	4.79
Additions During The Year	-	-	-	-
Total	1.35	2.60	0.85	4.79
Less : Depreciation	0.14	0.39	0.08	0.61
WDV at end of Year	1.22	2.21	0.76	4.18
Additions During The Year	-	-	-	-
Total	1.22	2.21	0.76	4.18
Less : Depreciation	0.12	0.33	0.08	0.53
WDV at end of Year	1.09	1.88	0.69	3.66
Additions During The Year	-	-	-	-
Total	1.09	1.88	0.69	3.66
Less : Depreciation	0.11	0.28	0.07	0.46
WDV at end of Year	0.98	1.60	0.62	3.20
Additions During The Year	-	-	-	-
Total	0.98	1.60	0.62	3.20
Less : Depreciation	0.10	0.24	0.06	0.40
WDV at end of Year	0.89	1.36	0.56	2.80
Additions During The Year	-	-	-	-

Total	0.89	1.36	0.56	2.80
Less : Depreciation	0.09	0.20	0.06	0.35
WDV at end of Year	0.80	1.15	0.50	2.45
Less : Depreciation	0.08	0.17	0.05	0.30
WDV at end of Year	0.72	0.98	0.45	2.15
Less : Depreciation	0.07	0.15	0.04	0.26
WDV at end of Year	0.65	0.83	0.40	1.88

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	2.55	2.99	3.45	3.88	4.34
Interest on Term Loan	0.44	0.39	0.28	0.17	0.06
Total	2.99	3.38	3.73	4.05	4.40
<u>REPAYMENT</u>					
Instalment of Term Loan	0.55	1.10	1.10	1.10	1.10
Interest on Term Loan	0.44	0.39	0.28	0.17	0.06
Total	0.99	1.49	1.38	1.27	1.16
DEBT SERVICE COVERAGE RATIO	3.02	2.27	2.71	3.19	3.79
AVERAGE D.S.C.R.	3.00				

REPAYMENT SCHEDULE OF TERM LOAN

							Interest	10%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance	
1st	Opening Balance							
	1st month	-	4.95	4.95	-	-	4.95	
	2nd month	4.95	-	4.95	0.04	-	4.95	
	3rd month	4.95	-	4.95	0.04	-	4.95	
	4th month	4.95	-	4.95	0.04	-	4.95	
	5th month	4.95	-	4.95	0.04	-	4.95	
	6th month	4.95	-	4.95	0.04	-	4.95	
	7th month	4.95	-	4.95	0.04	0.09	4.85	
	8th month	4.85	-	4.85	0.04	0.09	4.76	
	9th month	4.76	-	4.76	0.04	0.09	4.67	
	10th month	4.67	-	4.67	0.04	0.09	4.58	
	11th month	4.58	-	4.58	0.04	0.09	4.49	
	12th month	4.49	-	4.49	0.04	0.09	4.40	
					0.44	0.55		
2nd	Opening Balance							
	1st month	4.40	-	4.40	0.04	0.09	4.31	
	2nd month	4.31	-	4.31	0.04	0.09	4.21	
	3rd month	4.21	-	4.21	0.04	0.09	4.12	
	4th month	4.12	-	4.12	0.03	0.09	4.03	
	5th month	4.03	-	4.03	0.03	0.09	3.94	
	6th month	3.94	-	3.94	0.03	0.09	3.85	

	7th month	3.85	-	3.85	0.03	0.09	3.76
	8th month	3.76	-	3.76	0.03	0.09	3.66
	9th month	3.66	-	3.66	0.03	0.09	3.57
	10th month	3.57	-	3.57	0.03	0.09	3.48
	11th month	3.48	-	3.48	0.03	0.09	3.39
	12th month	3.39	-	3.39	0.03	0.09	3.30
					0.39	1.10	
3rd	Opening Balance						
	1st month	3.30	-	3.30	0.03	0.09	3.21
	2nd month	3.21	-	3.21	0.03	0.09	3.11
	3rd month	3.11	-	3.11	0.03	0.09	3.02
	4th month	3.02	-	3.02	0.03	0.09	2.93
	5th month	2.93	-	2.93	0.02	0.09	2.84
	6th month	2.84	-	2.84	0.02	0.09	2.75
	7th month	2.75	-	2.75	0.02	0.09	2.66
	8th month	2.66	-	2.66	0.02	0.09	2.56
	9th month	2.56	-	2.56	0.02	0.09	2.47
	10th month	2.47	-	2.47	0.02	0.09	2.38
	11th month	2.38	-	2.38	0.02	0.09	2.29
	12th month	2.29	-	2.29	0.02	0.09	2.20
					0.28	1.10	
4th	Opening Balance						
	1st month	2.20	-	2.20	0.02	0.09	2.11
	2nd month	2.11	-	2.11	0.02	0.09	2.02

	3rd month	2.02	-	2.02	0.02	0.09	1.92
	4th month	1.92	-	1.92	0.02	0.09	1.83
	5th month	1.83	-	1.83	0.02	0.09	1.74
	6th month	1.74	-	1.74	0.01	0.09	1.65
	7th month	1.65	-	1.65	0.01	0.09	1.56
	8th month	1.56	-	1.56	0.01	0.09	1.47
	9th month	1.47	-	1.47	0.01	0.09	1.37
	10th month	1.37	-	1.37	0.01	0.09	1.28
	11th month	1.28	-	1.28	0.01	0.09	1.19
	12th month(Subsidy adjusted)	1.19	-	1.19	0.01	0.09	1.10
					0.17	1.10	
5th	Opening Balance						
	1st month	1.10	-	1.10	0.01	0.09	1.01
	2nd month	1.01	-	1.01	0.01	0.09	0.92
	3rd month	0.92	-	0.92	0.01	0.09	0.82
	4th month	0.82	-	0.82	0.01	0.09	0.73
	5th month	0.73	-	0.73	0.01	0.09	0.64
	6th month	0.64	-	0.64	0.01	0.09	0.55
	7th month	0.55	-	0.55	0.00	0.09	0.46
	8th month	0.46	-	0.46	0.00	0.09	0.37
	9th month	0.37	-	0.37	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	-

0.06

1.10

DOOR TO DOOR

60 MONTHS

MORATORIUM PERIOD

6 MONTHS

REPAYMENT PERIOD

54 MONTHS