



**DETAILED PROJECT REPORT**  
**CAKES MAKING BUSINESS**  
**UNDER PMFME SCHEME**



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## 1. PROJECT SUMMARY

1. Name of the proposed project	:	Cakes Making Business
2. Nature of proposed project	:	Proprietorship/Company/Partnership
3. Proposed project capacity	:	114000 Kg/annum(60,62,65,70,&72% capacity utilization in 1 <sup>st</sup> to 5 <sup>th</sup> Year respectively)
4. Raw materials	:	Maida, Baking Powder, Vanilla Essence, Castor Sugar, Oil, Whipping Cream, Icing sugar, etc.
5. Major product outputs	:	Cakes
6. Total project cost	:	Rs.20.69 Lakh
• Land development, building & Civil Construction	:	Nil
• Machinery and equipment's	:	Rs.12.27 Lakh
• Miscellaneous Fixed Assets	:	Rs.1.20 Lakh
• Working capital	:	Rs.7.22 Lakh
8. Means of Finance		
• Subsidy (max 10lakhs)	:	Rs.4.71 Lakh
• Promoter's contribution (min10%)	:	Rs.2.06 Lakh
• Term loan	:	Rs.7.41 Lakh
• Working Capital Requirement	:	Rs.6.50 Lakh
9. Profit after Depreciation, Interest & Tax		
• 1 <sup>st</sup> year	:	Rs.1.29 Lakh
• 2 <sup>nd</sup> year	:	Rs.2.28 Lakh
• 3 <sup>rd</sup> year	:	Rs.3.55 Lakh
• 4 <sup>th</sup> year	:	Rs.5.45 Lakh
• 5 <sup>th</sup> year	:	Rs.6.41 Lakh
11. Average DSCR	:	3.02
12. Term loan repayment	:	5 Years with 6 months grace period

## **2. ABOUT THE PRODUCT**

### **2.1. PRODUCT INTRODUCTION:**

Cake is a type of sweet food that is typically baked, made from flour, sugar, and other ingredients. Cakes were modifications of bread in their earliest types, but now cakes cover a wide variety of preparations that can be basic or complex, and that share characteristics with other sweets such as pastries, meringues, custards, and pies. Flour, sugar, eggs, butter or oil or margarine, a liquid, and leavening agents such as baking soda or baking powder are the most widely used cake ingredients. Dry, candied, or fresh fruit, nuts, cocoa, and extracts such as vanilla, with various substitutions for the main ingredients, are common additional ingredients and flavourings. Fruit preserves, nuts or dessert sauces (such as pastry cream), iced butter cream or other icing, and decorated with marzipan, piped border or candied fruit may also be filled with cakes. On ceremonial occasions, such as marriages, anniversaries, and birthdays, cake is sometimes served as a celebratory dessert. Countless cake recipes are available; some are bread-like, some are rich and intricate, and many are centuries old. Cake making is no longer a complex process; while considerable labor went into cake making at one time (especially the whisking of egg foams), baking equipment and instructions have been streamlined so that a cake can be baked even by the most amateur of cooks. Two main types of cakes are available: butter cakes (also referred to as shortened cakes) and sponge cakes. The difference is in the fat content of these two broad types of cake. Of these big forms has countless variations.

1. **Sponge Cakes**-Sponge cakes have little to no fat and typically have a higher percentage of eggs. This gives them an airy, lighter texture (think angel food and sponge cake). When you bake sponge cakes, it is important to note that as soon as it is ready, the batter needs to go into the oven to prevent the egg whites from deflating. Owing to the raise the egg whites give them, they also need

to be baked in a tall pan. These cakes are not going to hold up well against heavy frosting, so it's best to give them a dollop of whipped cream or a soft glaze.

2. Butter Cakes- On the other hand, butter cakes contain butter, margarine, or shortening of vegetables, giving you the dense, moist cakes that we know and love. If it says "cream butter and sugar," in the recipe, it's a butter cake. You'll usually add egg, flour, and baking powder or baking soda for leavening once the creaming is complete. To name a couple, butter cakes will come in chocolate, white, yellow and marble. Other cakes in this type, such as carrot cake or red velvet cake, can be "shortened" with oil.

## **2.2. MARKET POTENTIAL:**

The global market bread product is divided by product type (Loaves, Baguettes, Rolls, Burger Buns, Sandwich Slices, Ciabatta, Frozen Bread, and Others), Distribution Channel (Convenience Stores, Specialist Retailers, Supermarkets and Hypermarkets, Online Retail, Variety Stores, and Others), and by Geography. Global bread market is projected to register a CAGR of 1.43% during the forecast period, 2019 - 2024. During the forecast period, 2019 - 2024, the global bread market is expected to register a CAGR of 1.43%. Since the nineties, the Indian bread industry has come a long way. For certain clients, bread has progressed from being viewed as a fundamental breakfast food item to being a confectionary item.

Rising disposable sales, urbanization, and changing customer tastes and behaviors have provided the bread industry a boost over the years. The Indian bread market stood at \$640.73 million in 2017, and is projected to rise to \$1024.54 million by 2024 at a CAGR of over 10.70 percent, in value terms, during 2019-2024. Market factors and demographic patterns are increasingly affecting supply and demand; India's bread market is aided by an expanding working population and a rising number of health-conscious consumers. In addition, some of the other factors expected to propel demand for bread over the next five years are rising disposable income along with shifting lifestyle and knowledge of eating a good and safe diet to minimize health problems. The bread industry in India is dominated by unorganized players, leading to about 55% of the total market.

### 2.3. RAW MATERIAL DESCRIPTION:

The raw materials required for Cake is as follow:

- Baking Powder
- Castor Sugar
- Eggs
- All Purpose Flour (Maida)
- Vanilla Essence
- Corn Starch
- Oil
- RO Water

Whipping Cream:

- Whipping Cream
- Icing Sugar

Decoration, Icing & Soaking: (Optional)

- Pineapple Juice
- Chopped Canned Pineapples
- Canned Cherry

Usually, a traditional cake recipe contains flour, a kind of sweetener, eggs, some sort of fat, a liquid, a leavening agent to make it rise and flavour (like vanilla, cocoa powder or cinnamon). In order to create cakes of varying density, texture and taste, the ingredients communicate with each other. Here is how each ingredient functions:

- The key instigators of cakes being their own category (separate from breads) were **leavening agents**, as these allowed baked products to grow literally in ways they never had before. During the baking process, chemical leavening agents release carbon dioxide gases within the cake mixture, assisting the batter to rise into a porous structure.

- To enhance texture, moisture and overall flavour, a **fat source** is commonly used. Because of its ability to trap air when creamed, butter is the perennial favourite, helping to make baked goods lighter and more aromatic.
- For cakes, **sweeteners** are very important. While alternatives are available, such as honey or artificial sweeteners, plain old sugar binds best with molecules of water, helping to make cakes moist and smooth.
- **Eggs** play a major role, as their intrinsic proteins function to shape the cake's structure with other ingredients. The emulsifiers in the yolks often help to combine ingredients such as water and oil that usually don't want to remain together. When heated during baking, the same proteins enable the cake to achieve a sweet, golden-brown hue.
- **Flour**, thanks to its proteins which mix with water to form gluten, gives the cake its strength and keeps all the ingredients together. As the cake grows in the oven, the gluten expands to absorb the leavening gases. The greater the content of protein in the flour, the better the dough is.
- The protein, starch and leavening agents are **hydrated by liquids**, enabling the chemical changes necessary to create the cake's structure. During the baking process, liquid vaporizes, producing steam that expands the air cells and the cake's height. Liquids also contribute to keeping the cake moist and enhancing its overall texture.

### 3. PROCESS FLOW CHART

➤ **Ingredients scaling**

All types of raw material are Procured from the raw material store and transported by suitable material handling equipment to their respective holding tanks.

➤ **Mixing (hot/cold process)**

In the drum of the batter mixing machine, all raw materials are added in the amount needed according to the required sequence. There are different speeds for mixing various components and they are maintained to achieve the most effective batter features. This produces the cake batter.

➤ **Depositing**

The baking tray is appropriately greased with oil and a butter paper of appropriate shape i.e. shape of the bottom is placed at bottom of the tray. Then the cake batter is poured into a baking tray, followed by which batter is appropriately levelled.

➤ **Baking**

Bake at 360–425°F (182–218°C) to an internal temperature of 204°F (95°C). The hot processed batter should have a shorter baking time. The cold processed batter should be baked longer. The baked cake is obtained from the oven; it's allowed to cool in the pan itself prior to de-panning.

➤ **De-panning**

De-pan from the oven onto dusted paper pan liners while the cakes are still warm. The butter paper is then gently removed from cake, followed by which outer skin of cake is also removed with a knife, and then the cake is divided into multiple layers depending on the thickness of the cake.

➤ **Cooling**

Cool product to loaf internal temperature of 95–105°F (35–40°C) before icing and packaging.

➤ **Icing**

Simultaneously Whipping Cream and Icing Sugar are beaten by a simple beater until sufficiently stiff, which is then fed to holding tank of cake decorating machine. The layer of cake is placed on a cake decorating and icing machine, followed by the cake-decorating machine which uses the layer of whipped cream over the cake, then the layer of chopped



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fruit slices is placed and another layer of cake is placed over the pineapple layer. This is followed by a layer of chopped fruit slices.

➤ **Storage and Packaging or serving**

When all layers are added, the last layer is filled with only one layer of whipping cream and then easily decorated by the machine, then finished manually. The cake is in the refrigerator until it is sold at the correct temperature.

## **4. ECONOMICS OF THE PROJECT**

### **4.1. BASIS & PRESUMPTIONS**

1. Production Capacity taken of Cake is 400 Kg per day. First year, Capacity has been taken @ 60%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock is for 10 days and Finished goods Closing Stock has been taken for 3 days.
4. Credit period to Sundry Debtors has been given for 05 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% respectively in the subsequent years.

## 4.2. CAPACITY, UTILIZATION, PRODUCTION & OUTPUT

### COMPUTATION OF PRODUCTION OF CAKES

#### Items to be Manufactured

Cakes

Machine capacity Per Hour	50	
Total working Hours	8	
Machine capacity Per Day	400	Kg
Working days in a month	25	Days
Working days per annum	300	
Wastage Considered	5%	
Raw material requirement	120000	Kg
Final Output per annum after wastage	114000	Kg
Final Product to be packed in 1 kg Packet		
Number of Packets per annum	114000	Kg

Production of Cakes		
Production	Capacity	KG
1st year	60%	68,400
2nd year	62%	70,680
3rd year	65%	74,100
4th year	70%	79,800
5th year	72%	82,080


<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%	315.00	226.80
2nd year	62%	331.00	246.26
3rd year	65%	348.00	271.44
4th year	70%	365.00	306.60
5th year	72%	383.00	330.91

<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	-	684	707	741	798
Production	68,400	70,680	74,100	79,800	82,080
Less : Closing Stock	684	707	741	798	821
<b>Net Sale</b>	<b>67,716</b>	<b>70,657</b>	<b>74,066</b>	<b>79,743</b>	<b>82,057</b>
sale price per packet	410.00	431.00	453.00	476.00	500.00
<b>Sales (in Lacs)</b>	<b>277.64</b>	<b>304.53</b>	<b>335.52</b>	<b>379.58</b>	<b>410.29</b>


### 4.3. PREMISES/INFRASTRUCTURE

The approximate total area required for complete factory setup is 1000-1500 Sq. ft. for smooth production including storage area. It is expected that the premises will be on rental

#### 4.4. MACHINERY & EQUIPMENTS

Steps	Machine	Uses	Picture
<b>Ingredients scaling</b>	Weighing scale	Weighting Scales are used to measure the weight of an item	
<b>Mixing</b>	Batter mixer machine	A machine that uses a gear-driven mechanism to rotate a set of "beaters" in a bowl.	
<b>Depositing</b>	Cake Depositor Machine	It's used to fill batters within baking pans or mold for the baking process.	
<b>Baking</b>	Baking oven	An oven is a thermally insulated chamber used for the heating, baking, or drying of a substance.	
<b>De-panning</b>	De-panning	De-panning is generally done manually by using different tools.	
<b>Icing</b>	<b>Cake Icing &amp; Decorating Machine</b>	As the name suggests, this machine is used to decorate the cake with appropriate cream or icing.	

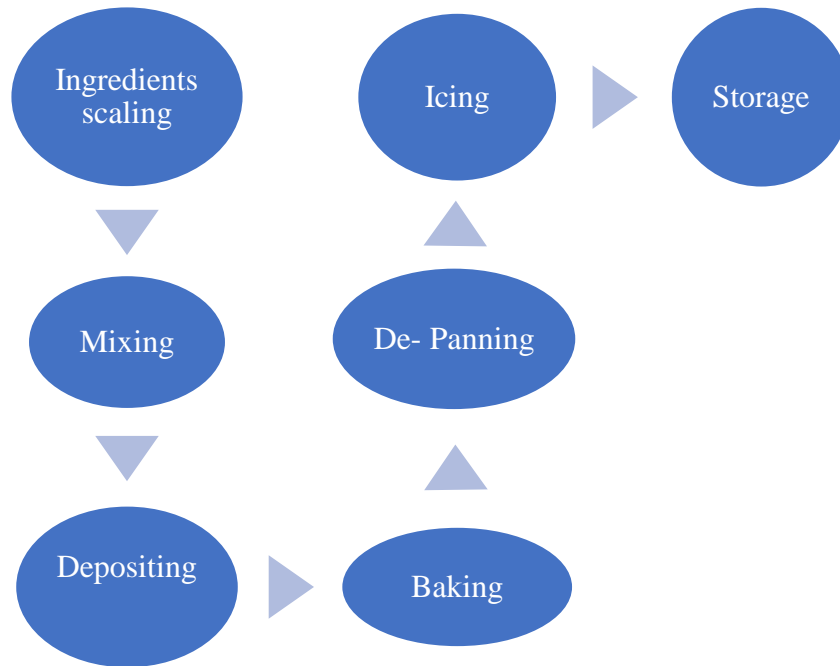
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<b>Storage</b>	<b>Display Refrigerator</b>	It's a refrigerator designed to store the given product in temperature controlled space with at least one transparent wall, so as to display stored content.	
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<b>Machine</b>	<b>Unit</b>	<b>Rate</b>	<b>Price</b>
Weighing scale (300 kg)	1	12,500	12,500
Batter mixer machine (Capacity 50 kg)	1	50,000	50,000
Cake Depositor Machine (40-50 kg/hr)	1	4,00,000	4,00,000
Baking oven (40-50 kg/hr)	1	5,00,000	5,00,000
De-panning	-	20,000	20,000
Cake Icing & Decorating Machine	1	24,000	24,000
Display Refrigerator	2	1,10,000	2,20,000

Note: Approx. Total Machinery cost shall be Rs.12.27 lakh including equipment's but excluding GST and Transportation Cost

### FLOW CHART OF CAKE MAKING BUSINESS



#### 4.5. MISCELLANEOUS FIXED ASSETS

- Electricity connection
- Other equipment's & fixture

**4.6. TOTAL COST OF PROJECT**

<b>COST OF PROJECT</b>	
	(in Lacs)
<b>PARTICULARS</b>	<b>Amount</b>
Land & Building	Owned/Rented
Plant & Machinery	12.27
Miscellaneous Assets	1.20
Working capital	7.22
<b>Total</b>	<b>20.69</b>

**4.7. MEANS OF FINANCE**

<b>MEANS OF FINANCE</b>	
<b>PARTICULARS</b>	<b>AMOUNT</b>
Own Contribution (min 10%)	2.06
Subsidy @35%(Max. Rs 10 Lac)	4.71
Term Loan @ 55%	7.41
Working Capital (Bank Finance)	6.50
<b>Total</b>	<b>20.69</b>

**4.8. TERM LOAN:** Term loan of Rs.7.41 Lakh is required for project cost of Rs.20.69 Lakh.

**4.9. TERM LOAN REPAYMENT & INTEREST SCHEDULE**

<b>REPAYMENT SCHEDULE OF TERM LOAN</b>							
						Interest	11.00%
<b>Year</b>	<b>Particulars</b>	<b>Amount</b>	<b>Addition</b>	<b>Total</b>	<b>Interest</b>	<b>Repayment</b>	<b>Closing Balance</b>
<b>1st</b>	Opening Balance						
	1st month	-	7.41	7.41	-	-	7.41
	2nd month	7.41	-	7.41	0.07	-	7.41
	3rd month	7.41	-	7.41	0.07	-	7.41
	4th month	7.41	-	7.41	0.07		7.41
	5th month	7.41	-	7.41	0.07		7.41
	6th month	7.41	-	7.41	0.07		7.41
	7th month	7.41	-	7.41	0.07	0.14	7.27
	8th month	7.27	-	7.27	0.07	0.14	7.13
	9th month	7.13	-	7.13	0.07	0.14	7.00
	10th month	7.00	-	7.00	0.06	0.14	6.86
	11th month	6.86	-	6.86	0.06	0.14	6.72
	12th month	6.72	-	6.72	0.06	0.14	6.59
					0.73	0.82	
<b>2nd</b>	Opening Balance						
	1st month	6.59	-	6.59	0.06	0.14	6.45
	2nd month	6.45	-	6.45	0.06	0.14	6.31
	3rd month	6.31	-	6.31	0.06	0.14	6.17
	4th month	6.17	-	6.17	0.06	0.14	6.04
	5th month	6.04	-	6.04	0.06	0.14	5.90



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6th month	5.90	-	5.90	0.05	0.14	5.76
7th month	5.76	-	5.76	0.05	0.14	5.62
8th month	5.62	-	5.62	0.05	0.14	5.49
9th month	5.49	-	5.49	0.05	0.14	5.35
10th month	5.35	-	5.35	0.05	0.14	5.21
11th month	5.21	-	5.21	0.05	0.14	5.08
12th month	5.08	-	5.08	0.05	0.14	4.94
				<b>0.64</b>	<b>1.65</b>	
<b>3rd</b>	Opening Balance					
1st month	4.94	-	4.94	0.05	0.14	4.80
2nd month	4.80	-	4.80	0.04	0.14	4.66
3rd month	4.66	-	4.66	0.04	0.14	4.53
4th month	4.53	-	4.53	0.04	0.14	4.39
5th month	4.39	-	4.39	0.04	0.14	4.25
6th month	4.25	-	4.25	0.04	0.14	4.12
7th month	4.12	-	4.12	0.04	0.14	3.98
8th month	3.98	-	3.98	0.04	0.14	3.84
9th month	3.84	-	3.84	0.04	0.14	3.70
10th month	3.70	-	3.70	0.03	0.14	3.57
11th month	3.57	-	3.57	0.03	0.14	3.43
12th month	3.43	-	3.43	0.03	0.14	3.29
				<b>0.46</b>	<b>1.65</b>	
<b>4th</b>	Opening Balance					
1st month	3.29	-	3.29	0.03	0.14	3.16
2nd month	3.16	-	3.16	0.03	0.14	3.02

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3rd month	3.02	-	3.02	0.03	0.14	2.88
4th month	2.88	-	2.88	0.03	0.14	2.74
5th month	2.74	-	2.74	0.03	0.14	2.61
6th month	2.61	-	2.61	0.02	0.14	2.47
7th month	2.47	-	2.47	0.02	0.14	2.33
8th month	2.33	-	2.33	0.02	0.14	2.20
9th month	2.20	-	2.20	0.02	0.14	2.06
10th month	2.06	-	2.06	0.02	0.14	1.92
11th month	1.92	-	1.92	0.02	0.14	1.78
12th month	1.78	-	1.78	0.02	0.14	1.65
				<b>0.28</b>	<b>1.65</b>	
<b>5th</b>	<b>Opening Balance</b>					
1st month	1.65	-	1.65	0.02	0.14	1.51
2nd month	1.51	-	1.51	0.01	0.14	1.37
3rd month	1.37	-	1.37	0.01	0.14	1.23
4th month	1.23	-	1.23	0.01	0.14	1.10
5th month	1.10	-	1.10	0.01	0.14	0.96
6th month	0.96	-	0.96	0.01	0.14	0.82
7th month	0.82	-	0.82	0.01	0.14	0.69
8th month	0.69	-	0.69	0.01	0.14	0.55
9th month	0.55	-	0.55	0.01	0.14	0.41
10th month	0.41	-	0.41	0.00	0.14	0.27
11th month	0.27	-	0.27	0.00	0.14	0.14
12th month	0.14	-	0.14	0.00	0.14	-
				<b>0.10</b>	<b>1.65</b>	

DOOR TO DOOR MORATORIUM PERIOD	60	MONTHS
REPAYMENT PERIOD	6	MONTHS
	54	MONTHS

#### 4.10. WORKING CAPITAL CALCULATIONS

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</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>Finished Goods</b>					
	2.64	2.86	3.14	3.54	3.83
<b>Raw Material</b>					
	7.56	8.21	9.05	10.22	11.03
<b>Closing Stock</b>	<b>10.20</b>	<b>11.07</b>	<b>12.19</b>	<b>13.76</b>	<b>14.86</b>

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</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	10.20				
Less : Creditors	7.56				
<b>Paid stock</b>	<b>2.64</b>	<b>10%</b>	<b>0.26</b>	<b>90%</b>	<b>2.37</b>
<b>Sundry Debtors</b>	<b>4.63</b>	<b>10%</b>	<b>0.46</b>	<b>90%</b>	<b>4.16</b>
	<b>7.26</b>		<b>0.73</b>		<b>6.54</b>
<b>MPBF</b>					<b>6.54</b>
<b>WORKING CAPITAL LIMIT DEMAND ( from Bank)</b>					<b>6.50</b>
<b>Working Capital Margin</b>					<b>0.72</b>

**4.11. SALARY & WAGES**

<b><u>BREAK UP OF LABOUR CHARGES</u></b>			
<b>Particulars</b>	<b>Wages Rs. per Month</b>	<b>No of Employees</b>	<b>Total Salary</b>
Skilled (in thousand rupees)	10,000	2	20,000
Unskilled (in thousand rupees)	5,000	2	10,000
<b>Total salary per month</b>			<b>30,000</b>
<b>Total annual labour charges</b>	<b>(in lacs)</b>		<b>3.60</b>

<b><u>BREAK UP OF STAFF SALARY CHARGES</u></b>			
<b>Particulars</b>	<b>Salary Rs. per Month</b>	<b>No of Employees</b>	<b>Total Salary</b>
Administrative Staff	12,000	2	24,000
Accountant	15,000	1	15,000
<b>Total salary per month</b>			<b>39,000</b>
<b>Total annual Staff charges</b>	<b>(in lacs)</b>		<b>4.68</b>

**4.12 POWER REQUIREMENT**

<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.

**4.13. DEPRECIATION CALCULATION**

<b>COMPUTATION OF DEPRECIATION</b>			(in Lacs)
<b>Description</b>	<b>Plant &amp; Machinery</b>	<b>Miss. Assets</b>	<b>TOTAL</b>
Rate of Depreciation	<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	-	-	-
Addition	12.27	1.20	13.47
Total	12.27	1.20	13.47
Less : Depreciation	1.84	0.12	1.96
<b>WDV at end of Year</b>	<b>10.43</b>	<b>1.08</b>	<b>11.51</b>
Additions During The Year	-	-	-
Total	10.43	1.08	11.51
Less : Depreciation	1.56	0.11	1.67
<b>WDV at end of Year</b>	<b>8.87</b>	<b>0.97</b>	<b>9.84</b>
Additions During The Year	-	-	-
Total	8.87	0.97	9.84
Less : Depreciation	1.33	0.10	1.43
<b>WDV at end of Year</b>	<b>7.54</b>	<b>0.87</b>	<b>8.41</b>
Additions During The Year	-	-	-
Total	7.54	0.87	8.41
Less : Depreciation	1.13	0.09	1.22
<b>WDV at end of Year</b>	<b>6.41</b>	<b>0.79</b>	<b>7.19</b>
Additions During The Year	-	-	-
Total	6.41	0.79	7.19
Less : Depreciation	0.96	0.08	1.04
<b>WDV at end of Year</b>	<b>5.44</b>	<b>0.71</b>	<b>6.15</b>

**4.14. REPAIR & MAINTENANCE:** Repair & Maintenance is 2.5% of Gross Sale.

**4.15. PROJECTIONS OF PROFITABILITY ANALYSIS**

<b><u>PROJECTED PROFITABILITY 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>
Capacity Utilisation %	<b>60%</b>	<b>62%</b>	<b>65%</b>	<b>70%</b>	<b>72%</b>
<b><u>SALES</u></b>					
<b>Gross Sale</b>					
Cakes	277.64	304.53	335.52	379.58	410.29
<b>Total</b>	<b>277.64</b>	<b>304.53</b>	<b>335.52</b>	<b>379.58</b>	<b>410.29</b>
<b>COST OF SALES</b>					
Raw Material Consumed	226.80	246.26	271.44	306.60	330.91
Electricity Expenses	1.92	2.21	2.54	2.92	3.21
Depreciation	1.96	1.67	1.43	1.22	1.04
Wages & labour	3.60	5.04	7.06	9.88	13.83
Repair & maintenance	6.94	7.61	8.39	9.49	10.26
Packaging	22.49	22.84	23.49	23.91	23.80
<b>Cost of Production</b>	<b>263.71</b>	<b>285.64</b>	<b>314.34</b>	<b>354.02</b>	<b>383.05</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>2.64</b>	<b>2.86</b>	<b>3.14</b>	<b>3.54</b>
<b>Less: Closing Stock /WIP</b>	<b>2.64</b>	<b>2.86</b>	<b>3.14</b>	<b>3.54</b>	<b>3.83</b>
Cost of Sales	261.07	285.42	314.05	353.62	382.76
<b>GROSS PROFIT</b>	<b>16.56</b>	<b>19.11</b>	<b>21.47</b>	<b>25.95</b>	<b>27.53</b>
	<b>5.97%</b>	<b>6.28%</b>	<b>6.40%</b>	<b>6.84%</b>	<b>6.71%</b>
Salary to Staff	4.68	5.43	6.62	7.62	8.38
Interest on Term Loan	0.73	0.64	0.46	0.28	0.10
Interest on working Capital	0.72	0.72	0.72	0.72	0.72
Rent	3.60	3.96	4.36	4.79	5.27
selling & adm exp	5.55	6.09	5.70	6.83	6.15
<b>TOTAL</b>	<b>15.28</b>	<b>16.84</b>	<b>17.86</b>	<b>20.23</b>	<b>20.62</b>
NET PROFIT	1.29	2.28	3.61	5.72	6.91
	<b>0.46%</b>	<b>0.75%</b>	<b>1.08%</b>	<b>1.51%</b>	<b>1.68%</b>
Taxation	-	-	0.06	0.27	0.51
PROFIT (After Tax)	1.29	2.28	3.55	5.45	6.41

**4.16. 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>	277.64	304.53	335.52	379.58	410.29
Less : Op. WIP Goods	-	2.64	2.86	3.14	3.54
Add : Cl. WIP Goods	2.64	2.86	3.14	3.54	3.83
<b>Total Sales</b>	<b>280.27</b>	<b>304.75</b>	<b>335.81</b>	<b>379.97</b>	<b>410.58</b>
<b>Variable &amp; Semi Variable Exp.</b>					
Raw Material Consumed	226.80	246.26	271.44	306.60	330.91
Electricity Exp/Coal Consumption at 85%	1.63	1.88	2.16	2.48	2.73
Wages & Salary at 60%	4.97	6.28	8.21	10.50	13.32
Selling & administrative Expenses 80%	4.44	4.87	4.56	5.47	4.92
Interest on working Capital	0.715	0.715	0.715	0.715	0.715
Repair & maintenance	6.94	7.61	8.39	9.49	10.26
Packaging	22.49	22.84	23.49	23.91	23.80
<b>Total Variable &amp; Semi Variable Exp</b>	<b>267.99</b>	<b>290.46</b>	<b>318.96</b>	<b>359.16</b>	<b>386.66</b>
<b>Contribution</b>	<b>12.29</b>	<b>14.29</b>	<b>16.85</b>	<b>20.81</b>	<b>23.92</b>
<b>Fixed &amp; Semi Fixed Expenses</b>					
Electricity Exp/Coal Consumption at 15%	0.29	0.33	0.38	0.44	0.48
Wages & Salary at 40%	3.31	4.19	5.47	7.00	8.88
Interest on Term Loan	0.73	0.64	0.46	0.28	0.10
Depreciation	1.96	1.67	1.43	1.22	1.04
Selling & administrative Expenses 20%	1.11	1.22	1.14	1.37	1.23
Rent	3.60	3.96	4.36	4.79	5.27
<b>Total Fixed Expenses</b>	<b>11.00</b>	<b>12.01</b>	<b>13.24</b>	<b>15.09</b>	<b>17.00</b>
<b>Capacity Utilization</b>	<b>60%</b>	<b>62%</b>	<b>65%</b>	<b>70%</b>	<b>72%</b>
<b>OPERATING PROFIT</b>	<b>1.29</b>	<b>2.28</b>	<b>3.61</b>	<b>5.72</b>	<b>6.91</b>
<b>BREAK EVEN POINT</b>	<b>54%</b>	<b>52%</b>	<b>51%</b>	<b>51%</b>	<b>51%</b>
<b>BREAK EVEN SALES</b>	<b>250.91</b>	<b>256.16</b>	<b>263.84</b>	<b>275.54</b>	<b>291.91</b>

**4.17. PROJECTED BALANCE SHEET**

<b><u>PROJECTED BALANCE SHEET</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>Liabilities</u></b>						
Capital						
opening balance		8.06	8.84	8.89	10.84	
Add:- Own Capital	2.06					
Add:- Retained Profit	1.29	2.28	3.55	5.45	6.41	
Less:- Drawings	-	1.50	3.50	3.50	5.00	
Subsidy/grant	4.71					
Closing Balance	8.06	8.84	8.89	10.84	12.25	
Term Loan	6.59	4.94	3.29	1.65	-	
Working Capital Limit	6.50	6.50	6.50	6.50	6.50	
Sundry Creditors	7.56	8.21	9.05	10.22	11.03	
Provisions & Other Liab	0.90	1.13	1.63	1.96	2.35	
<b>TOTAL :</b>	<b>29.61</b>	<b>29.61</b>	<b>29.37</b>	<b>31.17</b>	<b>32.13</b>	
<b><u>Assets</u></b>						
<b>Fixed Assets ( Gross)</b>	13.47	13.47	13.47	13.47	13.47	
Gross Dep.	1.96	3.63	5.06	6.28	7.32	
<b>Net Fixed Assets</b>	<b>11.51</b>	<b>9.84</b>	<b>8.41</b>	<b>7.19</b>	<b>6.15</b>	
<b>Current Assets</b>						
Sundry Debtors	4.63	5.08	5.59	6.33	6.84	
Stock in Hand	10.20	11.07	12.19	13.76	14.86	
Cash and Bank	3.27	3.63	3.17	3.89	4.28	
<b>TOTAL :</b>	<b>29.61</b>	<b>29.61</b>	<b>29.37</b>	<b>31.17</b>	<b>32.13</b>	



**4.18. CASH FLOW STATEMENT**

<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	2.06				
Net Profit	1.29	2.28	3.61	5.72	6.91
Depreciation & Exp. W/off	1.96	1.67	1.43	1.22	1.04
Increase in Cash Credit	6.50	-	-	-	-
Increase In Term Loan	7.41	-	-	-	-
Increase in Creditors	7.56	0.65	0.84	1.17	0.81
Increase in Provisions & Oth lib	0.90	0.23	0.51	0.33	0.39
Sunsidy/grant	4.71				
<b>TOTAL :</b>	<b>32.39</b>	<b>4.82</b>	<b>6.38</b>	<b>8.44</b>	<b>9.15</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	13.47				
Increase in Stock	10.20	0.87	1.13	1.57	1.10
Increase in Debtors	4.63	0.45	0.52	0.73	0.51
Repayment of Term Loan	0.82	1.65	1.65	1.65	1.65
Drawings	-	1.50	3.50	3.50	5.00
Taxation	-	-	0.06	0.27	0.51
<b>TOTAL :</b>	<b>29.12</b>	<b>4.46</b>	<b>6.84</b>	<b>7.72</b>	<b>8.77</b>
Opening Cash & Bank Balance	-	3.27	3.63	3.17	3.89
Add : Surplus	3.27	0.36	-0.46	0.72	0.39
Closing Cash & Bank Balance	<b>3.27</b>	<b>3.63</b>	<b>3.17</b>	<b>3.89</b>	<b>4.28</b>

**4.19. DEBT SERVICE COVERAGE RATIO**

<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	3.25	3.95	4.98	6.67	7.44
Interest on Term Loan	0.73	0.64	0.46	0.28	0.10
<b>Total</b>	<b>3.98</b>	<b>4.59</b>	<b>5.44</b>	<b>6.95</b>	<b>7.54</b>
<b><u>REPAYMENT</u></b>					
Instalment of Term Loan	0.82	1.65	1.65	1.65	1.65
Interest on Term Loan	0.73	0.64	0.46	0.28	0.10
<b>Total</b>	<b>1.55</b>	<b>2.29</b>	<b>2.11</b>	<b>1.93</b>	<b>1.74</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.56</b>	<b>2.01</b>	<b>2.58</b>	<b>3.61</b>	<b>4.32</b>
<b>AVERAGE D.S.C.R.</b>	<b>3.02</b>				