

UP MSME **1**-Connect

PROJECT REPORT

PROJECT:

RUSK MAKING UNIT

PROJECT REPORT

Of

RUSK MAKING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Rusk Making 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.]

Rusk Making Unit



BAKERY INDUSTRY IN INDIA

Bakery industry in India today has an important place in the industrial map of the country. Bakery products are an item of mass consumption in view of its low price and high nutrient value. With rapid growth and changing eating habits of people, bakery products have gained popularity among masses. The sector, typically, constitutes cakes, breads and biscuits.

The bakery industry has achieved third position in generating revenue among the processed food sector. The market size for the industry is pegged at US\$ 4.7 billion in 2010 and is expected reach US \$ 7.6 billion by 2015.

The shining star of the sector remains the biscuits industry, which is expected to outperform the growth of the sector overall.

Trends in the Industry:

- "Retail Bakery"
- Improved Packaging
- Health Foods
- Taste & Appeal : No Compromise
- Technology trends

The per capita consumption of bakery products in India, as it stands today, is one to two kg per annum, which is comparatively lower than the advanced countries where consumption is between 10 to 50 kg per annum. The growth rate of bakery products has been tremendous in the both urban and rural areas. The sector has indicated promising growth prospects and has been making rapid progress.

TRENDS

- Despite a slight slowdown in India's economy, bakeries continued to perform strongly driving sales of baked goods over 2013. Baked goods is set to register double-digit value growth of 10% in 2013. The growth of baked goods was driven mainly by the rapid expansion of modern retail outlets across the country. Increasing disposable income levels of consumers, rapid urbanization, the need for convenience and lack of time in urban households helped drive demand for breads, cakes and pastries during 2013.

COMPETITIVE LANDSCAPE

- Britannia Industries with an expected retail value share of 9% of the baked goods category proved to be the most successful player in 2013. The company has been expanding its presence and baked goods range aggressively. The company now offers a range of premium and luxury cakes to consumers. Consumers can now place orders for Britannia baked goods products online in select cities which helped propel sales further.

PROSPECTS

- Baked goods are expected to grow by a constant value CAGR of 2% over the forecast period. Urban regions of India witnessed rapid growth and expansion of modern retail outlets in 2013. However, modern retail outlets such as hypermarkets and supermarkets continued to remain low compared to the overall retail scenario in India. Some of these modern retail outlets also had dedicated sections to bakery products. The range of baked goods available at these stores was more premium and Western in nature. Fresh bread, French baguettes, bread sticks, pizza bases, cakes and various pastries are available in these stores. This trend will continue over the forecast period as premium baked goods sales will be driven by these modern chained retail outlets. Furthermore, the rising numbers of women expected to join the work force together with time-pressed urban-dwelling consumers seeking convenience will each drive sales of baked goods. Growth of bakeries and fast food outlets over the forecast period will also help boost sales going forward.

The present day consumer looks for new bakery products, better appeal, taste and convenience from bakery foods. With a population of 1 billion plus, India has the largest middle-income consumers, who demand varieties in food, clothing, transport and improved living standards, also wish to eat out. Opportunities, in abundance, exist in Bakery Cafes and Restaurants, that who cater fast foods, is another fastest growing sector in India.

This is a new challenge to baker and he needs to update his information, technology, products and services to meet the changing needs of the Indian consumer. To meet the new challenges, the Govt. of India encourages the Small and Medium Enterprises (SME) with very attractive financing schemes, to modernize and up-grade their units. This has opened up opportunities not only to SMEs but also to those in the bakery trade to supply the new technologies

PROJECT AT A GLANCE

1	Name of the Entrepreneur	:	XXXXXXX
2	Constitution (legal Status)	:	XXXXXXX
3	Father's/Spouce's Name	:	XXXXXXXXX
4	Unit Address	:	XXXXXXXXX
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Taluk/Block:</p> <p>District :</p> <p>State:</p> <p>Pin:</p> <p>E-Mail :</p> <p>Mobile</p> </div> <div style="width: 45%;"> <p>XXXXXX</p> <p>XXXXXX</p> <p>XXXXXX</p> <p>XXXXXX</p> <p>XXXXXX</p> <p>XXXXXX</p> </div> </div>			
5	Product and By Product	:	Rusk
6	Name of the project / business activity proposed :	:	Rusk Manufacturing Unit
7	Cost of Project	:	Rs. 40.00 Lacs
8	Means of Finance	:	
	Term Loan	:	Rs. 26.00 Lacs
	KVIC Margin Money	:	As per Project Eligibility
	Own Capital	:	Rs. 4.00 Lacs
9	Debt Service Coverage Ratio	:	2.64
10	Pay Back Period	:	5 Years
11	Project Implementation Period	:	4.00 Months
12	Break Even Point	:	21%
13	Employment	:	7
14	Power Requirement	:	15 hp
15	Major Raw materials	:	Maida, Sugar, Salt, Yeast, Refined, Ilaichi etc.
16	Estimated Annual Sales Turnover	:	Rs. 128.00 Lacs
17	Detailed Cost of Project & Means of Finance	:	

COST OF PROJECT

MEANS OF FINANCE

(Rs. In Lacs)			
Particulars	Amount	Particulars	Amount
Land	Rented/Owned	Own Contribution 10%	4.00
Building & Civil Work	4.00	Term Loan	26.00
Plant & Machinery	21.60	Working capital	10.00
Furniture & Fixtures	1.30		
Other Equipments	2.00		
Working Capital	11.11		
Total	40.00	Total	40.00

18 PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Rusk Making Plant(Automatic)			1,800,000.00
incl. Industrial Oven, Planetry mixer, Cookie drop			
Add: Taxes, Freight & Installation(20%)			360,000.00
TOTAL			2,160,000.00

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	4.00	-			
Reserve & Surplus	9.68	11.30	14.84	21.21	27.85
Depriciation & Exp. W/off	4.01	3.49	2.99	2.57	2.20
Increase in Cash Credit	10.00	-	-	-	-
Increase In Term Loan	26.00	-	-	-	-
Increase in Creditors	5.12	2.58	1.89	2.03	2.16
Increase in Provisions	1.00	0.10	0.11	0.12	0.13
TOTAL :	59.81	17.46	19.83	25.92	32.35
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	28.90	-	-	-	-
Increase in Stock	10.88	3.31	3.44	3.71	3.99
Increase in Debtors	11.95	1.73	4.07	3.75	4.00
Repayment of Term Loan	2.88	5.76	5.76	5.76	5.84
Taxation	2.42	2.82	3.71	5.30	6.96
TOTAL :	57.02	13.63	16.98	18.53	20.79
Opening Cash & Bank Balance	-	2.79	6.62	9.47	16.87
Add : Surplus	2.79	3.83	2.85	7.40	11.56
Closing Cash & Bank Balance	2.79	6.62	9.47	16.87	28.42

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	4.00	4.00	4.00	4.00	4.00
Retained Profit	7.26	15.73	26.86	42.77	63.66
Term Loan	23.12	17.36	11.60	5.84	-
Cash Credit	10.00	10.00	10.00	10.00	10.00
Sundry Creditors	5.12	7.70	9.59	11.61	13.77
Provisions & Other Liab	1.00	1.10	1.21	1.33	1.46
TOTAL :	50.50	55.89	63.26	75.55	92.89
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	28.90	28.90	28.90	28.90	28.90
Gross Dep.	4.01	7.50	10.49	13.06	15.26
Net Fixed Assets	24.90	21.40	18.41	15.84	13.64
Current Assets					
Sundry Debtors	11.95	13.68	17.75	21.50	25.50
Stock in Hand	10.88	14.19	17.63	21.34	25.33
Cash and Bank	2.79	6.62	9.47	16.87	28.42
TOTAL :	50.50	55.89	63.26	75.55	92.89
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	128.00	171.00	213.00	258.00	306.00
Total (A)	128.00	171.00	213.00	258.00	306.00
B) COST OF SALES					
Raw Material Consumed	96.00	128.25	159.75	193.50	229.50
Electricity Expenses	1.48	1.77	2.07	2.36	2.66
Repair & Maintenance	1.28	1.71	2.13	2.58	3.06
Labour & Wages	3.72	4.09	4.50	4.95	5.45
Depreciation	4.01	3.49	2.99	2.57	2.20
Other Direct Expenses	2.30	3.08	3.83	4.64	5.51
Cost of Production	108.79	142.40	175.28	210.61	248.37
Add: Opening Stock /WIP	-	6.08	7.78	9.64	11.66
Less: Closing Stock /WIP	6.08	7.78	9.64	11.66	13.85
Cost of Sales (B)	102.71	140.69	173.41	208.58	246.19
C) GROSS PROFIT (A-B)	25.29	30.31	39.59	49.42	59.81
	20%	18%	19%	19%	20%
D) Bank Interest (Term Loan)	2.11	2.31	1.67	1.04	0.40
Bank Interest (C.C. Limit)	1.10	1.10	1.10	1.10	1.10
E) Salary to Staff	4.08	4.49	4.94	5.43	5.97
F) Selling & Adm Expenses Exp.	8.32	11.12	17.04	20.64	24.48
TOTAL (D+E)	15.61	19.01	24.75	28.21	31.96
H) NET PROFIT	9.68	11.30	14.84	21.21	27.85
I) Taxation	2.42	2.82	3.71	5.30	6.96
J) PROFIT (After Tax)	7.26	8.47	11.13	15.91	20.89
K) DEPRECIATION	4.01	3.49	2.99	2.57	2.20
L) CASH ACCRUAL	11.27	11.96	14.12	18.47	23.09

COMPUTATION OF PRODUCTION AND SALES

CALCULATION OF PRODUCTION

Manufacturing Capacity	300	Packets per hour	(250 gms)
No. of Working Hour	10		
No of Working Days per month	25		
No. of Working Day per annum	300		
Total Production per Annum	900,000	Packets per hour	
Year	Capacity Utilization(Production)		
IST YEAR	50%	450,000	
IIND YEAR	60%	540,000	
IIIRD YEAR	70%	630,000	
IVTH YEAR	80%	720,000	
VTH YEAR	90%	810,000	

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	22,500	27,000	31,500	36,000
Production	450,000	540,000	630,000	720,000	810,000
	450,000	562,500	657,000	751,500	846,000
Less : Closing Stock	22,500	27,000	31,500	36,000	40,500
Net Sale	427,500	535,500	625,500	715,500	805,500
Sale Price Per ton	30.00	32.00	34.00	36.00	38.00
Sale (in Lacs)	128.00	171.00	213.00	258.00	306.00

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Finished Goods					
(15 Days requirement)	6.08	7.78	9.64	11.66	13.85
Raw Material					
(15 Days requirement)	4.80	6.41	7.99	9.68	11.48
Closing Stock	10.88	14.19	17.63	21.34	25.33

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Total		Own		Bank
	Amount		Margin		Finance
Stock in Hand	10.88	25%	2.72	75%	8.16
Sundry Debtors	11.95	25%	3.00	75%	8.95
	22.82		5.72		17.11
Sundry Creditors	5.12		-		5.12
	17.70		5.72		11.99
WORKING CAPITAL (HYP) FRESH DEMAND			10.00		

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		8,000.00	2	16,000.00
Unskilled Worker		5,000.00	3	15,000.00
				31,000.00

3.72

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		20,000.00	1	20,000.00
Accountant		14,000.00	1	14,000.00
Total Salary Per Month				34,000.00

4.08

COMPUTATION OF DEPRECIATION

Description	Land	Building	Plant &	Furniture	TOTAL
		& Civil Work	Machinery		
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	4.00	23.60	1.30	28.90
	-	4.00	23.60	1.30	28.90
Less : Depreciation	-	0.40	3.54	0.07	4.01
WDV at end of Ist year	-	3.60	20.06	1.24	24.90
Additions During The Year	-	-	-	-	-
	-	3.60	20.06	1.24	24.90
Less : Depreciation	-	0.36	3.01	0.12	3.49
WDV at end of IInd Year	-	3.24	17.05	1.11	21.40
Additions During The Year	-	-	-	-	-
	-	3.24	17.05	1.11	21.40
Less : Depreciation	-	0.32	2.56	0.11	2.99
WDV at end of IIIrd year	-	2.92	14.49	1.00	18.41
Additions During The Year	-	-	-	-	-
	-	2.92	14.49	1.00	18.41
Less : Depreciation	-	0.29	2.17	0.10	2.57
WDV at end of IV year	-	2.62	12.32	0.90	15.84
Additions During The Year	-	-	-	-	-
	-	2.62	12.32	0.90	15.84
Less : Depreciation	-	0.26	1.85	0.09	2.20
WDV at end of Vth year	-	2.36	10.47	0.81	13.64

REPAYMENT SCHEDULE OF TERM LOAN

11%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	26.00	26.00	-	-	26.00
	Iind Quarter	26.00	-	26.00	0.72	-	26.00
	IIIRD Quarter	26.00	-	26.00	0.72	1.44	24.56
	Ivth Quarter	24.56	-	24.56	0.68	1.44	23.12
					2.11	2.88	
IIND YEAR	Opening Balance						
	Ist Quarter	23.12	-	23.12	0.64	1.44	21.68
	Iind Quarter	21.68	-	21.68	0.60	1.44	20.24
	IIIRD Quarter	20.24	-	20.24	0.56	1.44	18.80
	Ivth Quarter	18.80		18.80	0.52	1.44	17.36
					2.31	5.76	
IIIRD YEAR	Opening Balance						
	Ist Quarter	17.36	-	17.36	0.48	1.44	15.92
	Iind Quarter	15.92	-	15.92	0.44	1.44	14.48
	IIIRD Quarter	14.48	-	14.48	0.40	1.44	13.04
	Ivth Quarter	13.04		13.04	0.36	1.44	11.60
					1.67	5.76	
IVTH YEAR	Opening Balance						
	Ist Quarter	11.60	-	11.60	0.32	1.44	10.16
	Iind Quarter	10.16	-	10.16	0.28	1.44	8.72
	IIIRD Quarter	8.72	-	8.72	0.24	1.44	7.28
	Ivth Quarter	7.28		7.28	0.20	1.44	5.84
					1.04	5.76	
VTH YEAR	Opening Balance						
	Ist Quarter	5.84	-	5.84	0.16	1.44	4.40
	Iind Quarter	4.40	-	4.40	0.12	1.44	2.96
	IIIRD Quarter	2.96	-	2.96	0.08	1.44	1.52
	Ivth Quarter	1.52		1.52	0.04	1.52	0.00
					0.40	5.84	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
CASH ACCRUALS	11.27	11.96	14.12	18.47	23.09
Interest on Term Loan	2.11	2.31	1.67	1.04	0.40
Total	13.37	14.27	15.79	19.51	23.50
<u>REPAYMENT</u>					
Instalment of Term Loan	2.88	5.76	5.76	5.76	5.84
Interest on Term Loan	2.11	2.31	1.67	1.04	0.40
Total	4.99	8.07	7.43	6.80	6.24
DEBT SERVICE COVERAGE RATIO	2.68	1.77	2.12	2.87	3.76
AVERAGE D.S.C.R.			2.64		

COMPUTATION OF ELECTRICITY

<u>(A) POWER CONNECTION</u>				
Total Working Hour per day			10	hrs
Electric Load Required			15	hp
Load Factor			0.7464	
Total Working Days			300	
Total Load required			33588	kw
Electricity Charges			8	Rs/unit
Electricity Charges (10 Hrs Per day)				
			268,704.00	
Add : Minimim Charges (@ 10%)			26,870.40	
			295,574.40	
			2.96	Rs. In Lacs
Year		Capacity		Amount
				(in Lacs)
IST YEAR		50%		1.48
IIND YEAR		60%		1.77
IIIRD YEAR		70%		2.07
IVTH YEAR		80%		2.36
VTH YEAR		90%		2.66

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	128.00	171.00	213.00	258.00	306.00
Less : Op. WIP Goods	-	6.08	7.78	9.64	11.66
Add : Cl. WIP Goods	6.08	7.78	9.64	11.66	13.85
Total Sales	134.08	172.70	214.86	260.03	308.19
Variable & Semi Variable Exp.					
Raw Material & Tax	96.00	128.25	159.75	193.50	229.50
Electricity Exp/Coal Consumption at 85%	1.26	1.51	1.76	2.01	2.26
Manufacturing Expenses 80%	1.84	2.46	3.07	3.72	4.41
Wages & Salary at 60%	2.23	2.46	2.70	2.97	3.27
Selling & administrative Expenses 80%	7.68	10.26	15.34	18.58	22.03
Intt. On Working Capital Loan	1.10	1.10	1.10	1.10	1.10
Total Variable & Semi Variable Exp	110.11	146.04	183.71	221.87	262.57
Contribution	23.96	26.67	31.15	38.15	45.62
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.46	0.62	0.77	0.93	1.10
Electricity Exp/Coal Consumption at 15%	0.22	0.27	0.31	0.35	0.40
Wages & Salary at 40%	1.49	1.64	1.80	1.98	2.18
Interest on Term Loan	2.11	2.31	1.67	1.04	0.40
Depreciation	4.01	3.49	2.99	2.57	2.20
Selling & administrative Expenses 20%	1.92	2.57	3.83	4.64	5.51
Total Fixed Expenses	10.20	10.88	11.38	11.51	11.79
Capacity Utilization	50%	60%	70%	80%	90%
OPERATING PROFIT	13.76	15.78	19.77	26.64	33.83
BREAK EVEN POINT	21%	24%	26%	24%	23%
BREAK EVEN SALES	57.07	70.47	78.47	78.46	79.66

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