

# BREAD



## **INTRODUCTION:**

Bakery industry comprises an important segment of industrial activity in food processing industry in the country. It provides nutritious breakfast and food to a large number of households in cities, towns and even villages of India. Rapidly rising population and the income levels of middle class had triggered this growth. The bakery industry comprises mainly of bread, biscuits, cakes and pastries manufacturing units. Though there are several large and small scale organised units, manufacturing both bread and biscuits, most of the bakery products in India are being produced by unorganised small family units. Promotion of bakery industry will also create more employment potential.

## **OBJECTIVE:**

The primary objective of the model report is to facilitate the entrepreneurs in understanding the importance of setting up unit of bread plant. This model report will serve as guidance to the entrepreneurs on starting up such a new project and basic technical knowledge for setting up such a facility.

## **RAW MATERIAL AVAILABILITY:**

The basic raw material for the manufacture of biscuits is wheat flour. Wheat is easily available in all across India.

## **SUITABLE LOCATION:**

Bread can be manufactured at a location which is close to the market.

## **MARKET OPPORTUNITIES:**

Bakery products not only serve as ready to eat convenient food, but also help in increasing the utilisation of surplus wheat produced in the country. In India about 90 per cent of wheat is consumed in the form of chapattis and 10 per cent as bread, biscuits, buns and other bakery products. The bread and biscuits manufacturing in India is reserved for medium and small scale sector. The production of bread in both organized and unorganized sectors is estimated to be 14 lack tones and 10 lacks respectively. Out of total biscuits manufactured in India, nearly, one third is in organized sector and remaining two thirds in the small and unorganized sector.

## **PROJECT DESCRIPTION:**

### **APPLICATIONS**

Bread is eaten by all sections of people across the board round the year. They are, thus, mass consumption items with number of varieties and shapes. The market is scattered. There are some dominant national and regional brands. Bread can be manufactured at a location which is close to the market.

- **CAPACITY OF THE PROJECT**

The capacity of the project is 108 MT/annum production of bread per year.

- **PRODUCTION TARGETS (PER ANNUM)**

- The scheme is worked out per shift (8 Hour) basis and 300 working days per annum.
- Assume there'll be 70% production in first year.
- Quantity: 75.60 MT per year or 6.30 MT per month.

**MANUFACTURING PROCESS:**

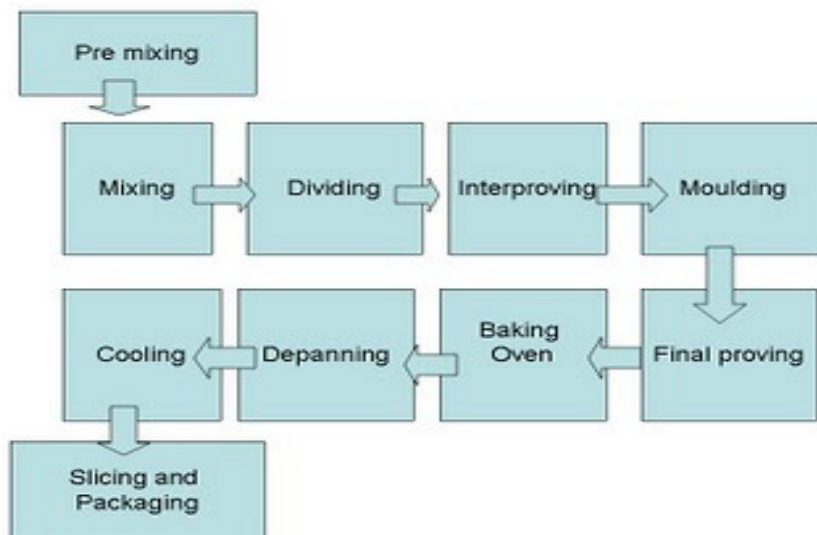
Bread is a staple food prepared by cooking dough of flour and water and often additional ingredients. Doughs are usually baked, but in some cuisines breads are steamed, fried or baked on an unoled frying pan. It may be leavened or unleavened. Salt, fat and leavening agents such as yeast and baking soda are common ingredients, though bread may contain other ingredients, such as milk, egg, sugar, spice, fruit, vegetables, nuts or seeds. Sometimes, the word bread refers to a sweetened loaf cake, often containing appealing ingredients like dried fruit, chocolate chips, nuts or spices, such as pumpkin bread, banana bread or gingerbread.

**SPECIAL CHARACTERISTIC OF BREAD WHICH HAS TO BE CONSIDERED:**

- While selecting packaging material, keep in mind about Bread short shelf life, Softness and Transportation.
- Following packaging materials are used by bakery manufacturers for bread:
- 50gm and thereafter in multiples of 50gm up to 500gm. Above 500gm, the weight of pack should be in the multiples of 100gm (as per Ministry of Consumer Affairs, Govt. of India).

**FLOW CHART:**

Flow chart for bread manufacturing process



**PROJECT COMPONENT AND COST:****FINANCIAL ASPECTS:-****APPLICATION OF FUNDS**

Particular	Amount
Land	200 sq. meter covered area on rent
Building	
Plant & Machinery	1,092,300.00
Office Equipment & Furniture	80,000.00
Working Capital	215,298.01
Pre-Operative Expenses	25,000.00
<b>Total</b>	<b>1,412,598.01</b>

**SOURCE OF FUND**

Particulars	Year' 1
Own Capital	433,024.50
Loan from Banks	879,225.00
Loan for Working Capital	100,348.50
<b>Total</b>	<b>1,412,598.01</b>

**FIXED ASSETS**

<b>(1) Land And Building:</b>		<b>Value (Rs.)</b>		
Land & Built-up area @ 200 sq. covered area on rent		Rs. 96,000 per annum		
<b>(2) Plant &amp; Machinery</b>				
S. N.	Description (Name of machine with specification)	Qty.	Rate	Value (Rs.)
<b>Production Unit</b>				
<b>i</b>	Flour Sifter	1	90,000.00	90,000.00
<b>ii</b>	Dough kneader	2	50,000.00	100,000.00
<b>iii</b>	Hand divider	2	35,000.00	70,000.00
<b>iv</b>	Moulding m/c	1	45,000.00	45,000.00
<b>v</b>	Electric oven cap	2	175,000.00	350,000.00
<b>vi</b>	Bread slicing cum-sealing m/c	2	75,000.00	150,000.00
<b>vii</b>	Miscellaneous equipment e.g. vessels, trays pans work tables, cooling rack	L.S.	-	110,000.00
<b>viii</b>	Platform weighing scale	1	25,000.00	25,000.00
<b>ix</b>	Counter seals	4	3,000.00	12,000.00
<b>x</b>	Laboratory equipment	L.S.	-	41,000.00
<b>Total Cost of Machinery &amp; Equipments</b>				<b>993,000.00</b>
<b>xv</b>	Electrification & Installation Charges @ 10%	-	-	99,300.00
				-

<b>Total Cost of Production Unit</b>		<b>1,092,300.00</b>
<b>3</b>	Office Equipment & Furniture	100000.00
<b>Pre-Operative Expenses:</b>		25,000.00
<b>TOTAL FIXED CAPITAL ( 2+3)</b>		<b>1,117,300.00</b>

### RAW MATERIAL REQUIREMENT & STOCK

<b>Raw Material (Per Month):</b>			
<b>Description with specification</b>	<b>Qty. (Kg)</b>	<b>Rate / Kg.</b>	<b>Value (Rs.)</b>
Wheat Flour	5,550.00	16.00	88,800.00
Sugar	170.00	35.00	5,950.00
Salt	110.00	10.00	1,100.00
Vegetable Fat	280.00	90.00	25,200.00
Yeast	110.00	140.00	15,400.00
Emulsifying Agent, Flour Improvers and other chemicals etc.	80.00	-	10,000.00
Packaging Materials			
<b>TOTAL</b>			<b>146,450.00</b>
<b><u>ANNUAL CONSUMPTION</u></b>			
Wheat Flour	Rs	1,065,600.00	
Sugar	Rs	71,400.00	
Salt	Rs	13,200.00	
Vegetable Fat	Rs	302,400.00	
Yeast	Rs	184,800.00	
Emulsifying Agent, Flour Improvers and other chemicals etc.	Rs	120,000.00	
<b>Total</b>		<b>1,757,400.00</b>	
Stock of Raw Material	30.00	144,443.84	
Stock of WIP	1.00	5,838.90	
Purchase Cost of Raw Material	Rs	<b>1,907,682.74</b>	

### WORKING CAPITAL REQUIREMENT

Particulars	Days	Year' 1
Raw Material	30	146,450.00
Work in Process	1	4,881.67
Finished Goods	2	15,439.90
Receivables	15	157,500.00
Advance/Security		50,000.00
<b>Total</b>		<b>374,271.57</b>
Less: Creditors	30	158,973.56
<b>Net Current Assets</b>		<b>215,298.01</b>
Paid Stock		7,798.01
75% of Paid Stock		5,848.50
60% of Book Debts		94,500.00
Bank Limits		100,348.50
Margin for Working Capital		114,949.50

### SELLING & ADMINISTRATION EXPENSES

Particular	Year I
<b>i</b> Postage	18,000.00
<b>ii</b> Commission on sales	60,000.00
<b>iii</b> Office Expenses	24,000.00
<b>iv</b> Tour & Travel	18,000.00
<b>v</b> Printing & Stationary	20,000.00
<b>vi</b> Advertisement	60,000.00
<b>vii</b> Telephone	20,000.00
<b>viii</b> Repair & Maintenance	22,000.00
<b>ix</b> Conveyance	27,000.00
<b>x</b> Sales expenses	36,000.00
<b>xi</b> Insurance	20,000.00
<b>xii</b> Misc. Expenses	20,744.00
<b>Total</b>	<b>345,744.00</b>

### SALARIES

S. No.	Description	No.	Salary PM	Total Salaries- Year I
<b>(a) Administrative &amp; Supervisory</b>				
<b>i</b>	Production Incharge cum accountant	1	15,000.00	180,000.00
<b>Total Salaries</b>				<b>180,000.00</b>
<b>(b) Technical Skilled &amp; Unskilled-Wages</b>				
<b>i</b>	Skilled Worker	1	10,000.00	120,000.00
<b>ii</b>	Semi Skilled Worker	1	8,000.00	96,000.00
<b>iii</b>	Helper	2	5,000.00	120,000.00
<b>Total Wages</b>				<b>336,000.00</b>
<b>GRAND TOTAL</b>				<b>516,000.00</b>

**MANUFACTURING AND PROFIT & LOSS  
ACCOUNT**

Particulars	Year' 1
Sales: 75,600 packets of 400gm @ Rs.20 and 2,26,800 packets of 200gm @ Rs.10	3,780,000.00
<b>Cost of Production:</b>	
Raw Material Consumed:	
Opening Stock	-
Add: Purchases	1,907,682.74
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Less: Closing Stock	144,443.84
Raw Material Consumption	1,763,238.90
Add: Op Stock of WIP	-
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	1,763,238.90
Less: Cl Stock of WIP	5,838.90
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	1,757,400.00
Power & Fuel	120,000.00
Manufacturing Wages	336,000.00
Bonus & Incentives	27,988.80
Packing Material	302,400.00
Rent	96,000.00
Raw material storage & ins. Cost	4,800.00
Carriage inward	38,153.65
Depreciation	175,845.00
<b>Total Cost of Production</b>	<b>2,858,587.45</b>
Add: Op. Stock of Finish. Goods	-
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	2,858,587.45
Less: Cls. Stock of F.Goods	79,405.21
<b>Cost of Sales</b>	<b>2,779,182.25</b>
<b>Gross Profit</b>	<b>1,000,817.75</b>
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	0.26
Selling & Admin Cost:	
Expenses	345,744.00
Salary	180,000.00
Financial Expenses:	
Interest on Term Loan	119,794.41
Interest on W.Capital	12,543.56
Pre. Expenses	5,000.00
<b>Profit Before Taxation</b>	<b>337735.7829</b>
Taxation	101320.7349
<b>Net Profit After Taxation</b>	<b>236415.0481</b>
Cash withdrawal	94566.01922
Transfer to Reserves	141849.0288
Cumulative Reserves	141849.0288
% of PBT on Sales	8.934809072

**BALANCE SHEET**

Particulars	Year' 1
<b>Liabilities:</b>	
Capital	2,254,842.39
Reserve & Surplus	-
Secured Loan:	
Term Loan	-
Unsecured loan:	
Current Liabilities:	
Bank Borrowings	-
Sundry Creditors	-
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	2,254,842.39
<b>Assets:</b>	
Fixed Assets:	
Gross Block:	996,455.00
Less: Depreciation	-
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	996,455.00
Current Assets:	
Inventories	-
Recievables	-
Advance/Security	-
Cash & Bank Balance	-
Preliminary Expenses	-
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	996,455.00
Difference	1258387.39

### RATIO ANALYSIS

Particulars	Year' 1
<b>NET PROFIT RATIO:</b> NP*100/Total sales	<b>6.25</b>
<b>RATE OF RETURN:</b> NP*100/Total Investment	<b>16.74</b>

### BREAK EVEN ANALYSIS

<b>FIXED COST:</b>	
Rent	96,000.00
Interest on Borrowing	119,794.41
40% of Salaries	72000
40% of Utilities	48000
25% of Admin Exp	86436
Depreciation	175,845.00
<b>Total</b>	<b>598,075.41</b>
<b>BREAK EVEN POINT:</b>	$\frac{\text{Fixed Cost} * 100}{\text{Fixed Cost} + \text{Profit}}$
	<b>71.67</b>

### **ADDRESS OF MACHINERY & EQUIPMENT SUPPLIERS:**

- M/s Bajaj Processpack Maschinen Pvt. Ltd., 7/27, Jai Lakshmi Industrial Estate, Sahibabad Industrial Area, Sahibabad, Dist. Ghaziabad (U.P.)- 201301.
- M/s Mechtech Designers & Engineers Pvt. Ltd., 19 D, Dr. A. K. Paul Road, Kolkata - 700 034 : West Bengal, India.
- M/s Datum Engineers Pvt Ltd , 34 Armenian Street, Kolkata: 700001
- M/s Do-All Engineering Industries, Fruits and Veg. Processing Machines. 87/12, Industrial Suburb, Yashwantpur, Bangalore-560022.
- M/s A. R. Enterprises (Alif Oven), 213, B Wing, 2nd Floor, Kanara Business Centre, Laxmi Nagar, Ghatkopar (E), Mumbai, INDIA – 400075.