

PASTRIES



INTRODUCTION:

Bakery products have become very popular throughout the country. Breads and biscuits are the most common products but other items like cakes, pastries, cream-rolls, cookies etc. are also not lagging far behind. These items are consumed by people of all age groups across the board. Nature of these products is such that the consumers prefer fresh items. Shelf life of cakes & pastries is limited and thus local manufacturers enjoy distinct advantage. In spite of continuous increase in the consumption of these items during last few years, the per capita consumption is still very low compared to the advanced countries. There is, thus, good scope for these items.

A good pastry is light and airy, easily broken in the mouth (what is called 'short' eating), but firm enough to support the weight of the filling. The dough must be well mixed but care must be taken not to over mix the pastry. This results in long gluten strands and toughens the pastry. Thus, the manufacture of good pastry is something of a fine art.

OBJECTIVE:

The primary objective of the model report is to facilitate the entrepreneurs in understanding the importance of setting up unit of cakes and pastries. 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 all important raw materials will be wheat flour, sugar, eggs and ghee for which proper arrangements should be made. Other items like milk powder, yeast, salt, assorted fruits, baking powder, caramel colour, vanilla, butter cream, etc. shall be required in small quantity.

SUITABLE LOCATION:

Pastries can be manufactured at any location. The proposed unit is located in outskirts of the city.

MARKET OPPORTUNITIES:

Couple of national brands tried to enter this market in a big way few years back but their products are still finding it difficult to capture the market as the consumer preference is always for freshly prepared cakes or pastries. There are always some well-known bakers at each centre and the real competition would be from them. Hence, it is advisable to have a retail outlet along with bakery apart from sale through other outlets.

Changing lifestyles and increase in the standard of living have changed the eating habits of people with liking for instant or ready-to-eat food items. This trend has spread throughout the country in all age groups and now even people from the rural areas have also joined this band-wagon. Bakery products fall under the same category and apart from bread and biscuits; items like cakes, pastries, cream-rolls, cookies etc. have become very popular. Fresh items are always preferred by the consumers.

PROJECT DESCRIPTION:

Applications

Pastries are sweet wheat preparations usually made with beaten eggs and yeast as they act as aerating agents. These are, thus, concentrated foods of high caloric value with rich in fat. There are many varieties and flavours of cakes & pastries.

Capacity of the Project

- The total capacity of the unit 30 MT per year.

Production Target:

- 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.
- Qty.: 21 MT per year or 1.75 MT per month.

Critical Success Factors

Urban, semi-urban and rural markets are mainly captured by small manufacturers. This note primarily suggests entering this market. Apart from domestic customers, there is a vast market at bus and taxi stands, railway stations, weekly hats or bazaars, highway eateries or dhabas and melas or fairs. A small delivery vehicle can take care of destinations located in the vicinity of about 50-60 km. Attractive margins to traders/retailers will be crucial.

MANUFACTURING PROCESS:

It is standardised and simple for all products. To make pastries, wheat flour and baking powder along with cream, sugar and ghee is mixed thoroughly till it becomes fluffy. Then mixture of beaten eggs is added to it along with caramel colour and chopped fruits before the mixture are poured into cake pans and baked for around 30-40 minutes. Pastries are made in different shapes like square, rectangular etc. from thick cake sheets. Butter cream, jam etc. is placed between layers of cake. The layered cake is then chilled and cut with sharp knife in the required shape and size. Sides of the pieces are iced with butter cream or fudge and topped with finely ground cake crumbs or pieces of fruits or chocolate strips and decorated with proper design, colour and garnish.

There are no standard flavours or varieties and preference of local population has to be kept in mind. There is a very good scope to introduce new varieties palatable to local tastes.

PROJECT COMPONENT AND COST:

Major components of the projects and their costs are described in the table hereunder:

FINANCIAL ASPECTS:-**APPLICATION OF FUNDS**

Particular	Amount
Land	200 sq. meter
Building	covered area on rent
Plant & Machinery	808,500.00
Office Equipment & Furniture	75,000.00
Working Capital	737,397.22
Pre-Operative Expenses	25,000.00
Total	1,645,897.22

SOURCE OF FUND

Particular	Amount
Own Capital	652,254.30
Loan from Banks	662,625.00
Loan for Working Capital	331,017.91
Total	1,645,897.22

FIXED ASSETS

(1) Land And Building:	Value (Rs.)
Land and Building: 200 sq. meter covered area on rent	96,000 per annum

(2) Plant & Machinery				
S. N.	Description (Name of machine with specification)	Qty.	Rate	Value (Rs.)
Production Unit				
i	Flour Sifter	1	85,000.00	85,000.00
ii	Egg Beater	3	20,000.00	60,000.00
iii	Mixer	1	70,000.00	70,000.00
iv	Sugar Pulverizer	1	60,000.00	60,000.00
v	Oven	1	250,000.00	250,000.00
vi	Baking Pans	2	55,000.00	110,000.00
vii	SS utensils and Miscellaneous Equipments		-	100,000.00
Total Cost of Machinery & Equipments				735,000.00
Electrification & Installation Charges @ 10%			-	73,500.00
Total Cost of Production Unit				808,500.00
Furniture & Fixtures				75000.00
3	Pre-Operative Expenses:			25000.00
Total Fixed Capital (2+3)				833500.00

RAW MATERIAL REQUIREMENT & STOCK

Particulars	Mode	Year'
Capacity Utilisation		70%
Daily Production at 100% capacity	100	
No of Working days per annum	300	
Annual Production	Kg	21,000.00
Wastage	%	2.00
Net Production	Kg	20,580.00
Gross Consumption		
Wheat Flour	Kg	4,573.33
Sugar	Kg	4,573.33
Ghee	Kg	2,286.67
Eggs (in Dozen)	Doz.	4,550.00
Baking powder along with cream, chopped fruits, caramel color etc	Kg	4,573.33
Rate (Per Kg)		
Wheat Flour	Rs	16.00
Sugar	Rs	35.00
Ghee	Rs	200.00
Eggs (in Dozen)	Rs	42.00
Baking powder along with cream, chopped fruits, caramel color etc	Rs	180.00
Annual Consumption		
Wheat Flour	Rs	73,173.33
Sugar	Rs	160,066.67
Ghee	Rs	457,333.33
Egg	Rs	191,100.00
Baking powder along with cream, chopped fruits, caramel color etc	Rs	823,200.00
Total		1,704,873.33
Stock of Raw Material	30	142,072.78
Stock of WIP	2	9,471.52
Purchase Cost of Raw Material	Rs	1,856,417.63

WORKING CAPITAL REQUIREMENT

Particulars	Days	Year' 1
Raw Material	30	142,072.78
Work in Process	2	9,471.52
Finished Goods	7	60,354.39
Receivables	30	480,200.00
Advance/Security		200,000.00
Total		892,098.69
Less: Creditors	30	154,701.47
Net Current Assets		737,397.22
Paid Stock		57,197.22
75% of Paid Stock		42,897.91
60% of Book Debts		288,120.00
Bank Limits		331,017.91
Margin for Working Capital		406,379.30

SELLING & ADMINISTRATION EXPENSES

Particular	Year' 1
i Postage	20,000.00
ii Commission on sales	192,000.00
iii Office Expenses	40,000.00
iv Tour & Travel	45,000.00
v Printing & Stationary	40,000.00
vi Advertisement	80,000.00
vii Telephone	35,000.00
viii Repair & Maintenance	50,000.00
ix Conveyance	46,000.00
x Sales expenses	48,000.00
xi Insurance	40,000.00
xii Misc. Expenses	30,792.00
Total	666,792.00

STAFF AND LABOUR EXPENSES

S. No.	Description	No.	Salary per month	Year' 1
(a) Administrative & Supervisory				
i	Production Incharge cum accountant	1	15,000	180,000.00
Total Salaries				180,000.00
(b) Technical Skilled & Unskilled-Wages				
i	Skilled Worker	1	10,000	120,000.00
ii	Semi Skilled Worker	2	8,000	192,000.00
iii	Helper	1	6,500	78,000.00
Total Wages				390,000.00
Grand Total				570,000.00

MANUFACTURING AND PROFIT & LOSS
ACCOUNT

BALANCE SHEET

Particulars	Year' 1
Sales Value @ Rs 275 per kg	5,762,400.00
Cost of Production:	
Raw Material Consumed:	
Opening Stock	-
Add: Purchases	1,856,417.63
	<hr/> 1,856,417.63
Less: Closing Stock	142,072.78
Raw Material Consumption	<hr/> 1,714,344.85
Add: Op Stock of WIP	-
	<hr/> 1,714,344.85
Less: Cl Stock of WIP	9,471.52
	<hr/> 1,704,873.33
Power & Fuel	560,000.00
Manufacturing Wages	336,000.00
Bonus & Incentives	27,988.80
Packing Material	200,000.00
Rent	96,000.00
Raw material storage & ins. Cost	27,988.80
Carriage inward	18,564.18
Depreciation	132,525.00
Total Cost of Production	3,103,940.11
Add: Op. Stock of Finish. Goods	-
	<hr/> 3,103,940.11
Less: Cls. Stock of F. Goods	60,354.39
Cost of Sales	3,043,585.72
Gross Profit	2,718,814.28
Selling & Admin Cost:	
Expenses	350,000.00
Salary	180,000.00
Financial Expenses:	
Interest on Term Loan	90,282.66
Interest on W. Capital	41,377.24
Pre. Expenses	5,000.00
Profit Before Taxation	2,052,154.39
Taxation	615,646.32
Net Profit After Taxation	1,436,508.07
Cash withdrawal	574,603.23
Transfer to Reserves	861,904.84
Cumulative Reserves	861,904.84
% of PBT on Sales	35.61

Particulars	Year' 1
Liabilities:	
Capital	652254.30
Reserve & Surplus	861904.84
Secured Loan:	
Term Loan	530100.00
Unsecured loan:	
Current Liabilities:	
Bank Borrowings	331017.91
Sundry Creditors	154701.47
	<hr/> 2529978.53
Assets:	
Fixed Assets:	
Gross Block:	883500.00
Less: Depreciation	132525.00
	<hr/> 750975.00
Current Assets:	
Inventories	211898.69
Receivables	480200.00
Advance/Security	200000.00
Cash & Bank Balance	866904.84
Preliminary Expenses	20000.00
	<hr/> 2529978.53
Difference	0.00

RATIO ANALYSIS

Particulars	Year' 1
NET PROFIT RATIO	
NP*100/Total sales	24.93
RATE OF RETURN	87.28
NP*100/Total Investment	

BREAK EVEN ANALYSIS

Fixed Cost	
Particular	Amount
Rent	96,000.00
Interest on Borrowing	90,282.66
40% of Salaries	72000
40% of Utilities	224000
25% of Admin Exp	87500
Depreciation	132,525.00
Total	702,307.66
Break Even Point	$\frac{\text{Fixed Cost} * 100}{\text{Fixed Cost} + \text{Profit}}$
	32.84

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 Sarkar machinery, P. K. Guha Road, Near Kumarpara Party Office, Kolkata, West Bengal, 700028.
- M/s SP Engg Corp., Fazalgunj, Kanpur
- M/s KS Engineering Works, Factory Area, Nr. Ranjit Press, Patiala (Punjab) - 147003.