

PROJECT REPORT

Of

CAKE MAKING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Cake 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.]

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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **CAKE**
- 6 Name of the project / business activ **CAKE MANUFACTURING UNIT**
- 7 Cost of Project : Rs. 20.72 Lakhs
- 8 Means of Finance
- | | |
|-----------------|-----------------|
| Term Loan | Rs. 12.12 Lakhs |
| Own Capital | Rs. 2.07 Lakhs |
| Working Capital | Rs. 6.52 Lakhs |
- 9 Debt Service Coverage Ratio : 2.93
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6-7 Months
- 12 Break Even Point : 50%
- 13 Employment : 12 Persons
- 14 Power Requirement : 8.00 KW
- 15 Major Raw materials : Milk, sugar, wheat etc.
- 16 Estimated Annual Sales Turnov : 277.64 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	12.27
Miss Assets	1.20
Furniture & Fixtures	
Working Capital	7.25
Total	20.72

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.07
Working Capital(Finance)	6.53
Term Loan	12.12
Total	20.72

1. 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. 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.

3. PRODUCT DESCRIPTION

3.1 RAW MATERIAL

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:

3.2 MANUFACTURING PROCESS

➤ **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 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. PROJECT COMPONENTS

4.1 Land & Building

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.

4.2 Plant & Machinery

Steps	Machine	Uses	Picture
Ingredients scaling	Weighing scale	Weighting Scales are used to measure the weight of an item	
Mixing	Batter mixer machine	A machine that uses a gear-driven mechanism to rotate a set of "beaters" in a bowl.	
Depositing	Cake Depositor Machine	It's used to fill batters within baking pans or mold for the baking process.	

Baking	Baking oven	An oven is a thermally insulated chamber used for the heating, baking, or drying of a substance.	
De-panning	De-panning	De-panning is generally done manually by using different tools.	
Icing	Cake Icing & Decorating Machine	As the name suggests, this machine is used to decorate the cake with appropriate cream or icing.	
Storage	Display Refrigerator	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.	

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

4.3 Power Requirement

The borrower shall require power load of 08 KW which shall be applied with Power Corporation.

4.4 Manpower Requirement

7 Manpower are required for the Cake Making Business.

Includes:

2 Skilled Labour

2 Unskilled Labour

2 Administrative Staffs

1 Accountant

5. FINANCIALS

5.1 Cost of Project

COST OF PROJECT	
	(in Lacs)
PARTICULARS	Amount
Land & Building	Owned/Rented
Plant & Machinery	12.27
Miscellaneous Assets	1.20
Working capital Required	7.25
Total	20.72

5.2 Means of Finance

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution @ 10%	2.07
Term Loan @ 90%	12.12
Working Capital (Bank Finance)	6.52
Total	20.72

5.3 Projected Profitability Statement

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	60%	65%	70%	75%	80%
<u>SALES</u>					
Gross Sale					
Cakes	277.64	319.13	361.24	406.71	455.72
Total	277.64	319.13	361.24	406.71	455.72
<u>COST OF SALES</u>					
Raw Material Consumed	226.80	258.18	292.32	328.50	367.68
Electricity Expenses	1.92	2.21	2.54	2.92	3.21
Depreciation	2.02	1.72	1.46	1.24	1.05
Wages & labour	3.60	5.04	7.06	9.88	13.83
Repair & maintenance	6.94	7.98	9.03	10.17	11.39
Packaging	20.82	23.93	23.48	24.40	25.06
Cost of Production	262.10	299.06	335.89	377.11	422.23
Add: Opening Stock /WIP	-	2.62	2.99	3.36	3.77
Less: Closing Stock /WIP	2.62	2.99	3.36	3.77	4.22
Cost of Sales	259.48	298.69	335.52	376.70	421.78
GROSS PROFIT	18.15	20.44	25.72	30.01	33.93
	6.54%	6.40%	7.12%	7.38%	7.45%
Salary to Staff	4.68	5.43	6.62	7.62	8.38
Interest on Term Loan	1.19	1.05	0.75	0.46	0.16
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 & Administrative Exp.	5.28	5.11	6.14	6.51	5.47
TOTAL	15.46	16.26	18.59	20.09	20.00
NET PROFIT	2.69	4.17	7.13	9.92	13.94
	0.97%	1.31%	1.97%	2.44%	3.06%
Taxation	-	-	0.44	1.02	2.23
PROFIT (After Tax)	2.69	4.17	6.68	8.90	11.71

5.4 Projected Balance Sheet

<u>PROJECTED BALANCE SHEET</u>						(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year	
<u>Liabilities</u>						
Capital						
Opening balance		2.41	3.49	5.87	8.32	
Add:- Own Capital	2.07					
Add:- Retained Profit	2.69	4.17	6.68	8.90	11.71	
Less:- Drawings	2.35	3.10	4.30	6.45	8.80	
Closing Balance	2.41	3.49	5.87	8.32	11.23	
Term Loan	10.78	8.08	5.39	2.69	-	
Working Capital Limit	6.52	6.52	6.52	6.52	6.52	
Sundry Creditors	7.56	8.61	9.74	10.95	12.26	
Provisions & Other Liability	0.20	0.22	0.24	0.27	0.29	
TOTAL :	27.47	26.92	27.77	28.75	30.30	
<u>Assets</u>						
Fixed Assets (Gross)	13.47	13.47	13.47	13.47	13.47	
Gross Dep.	2.02	3.74	5.20	6.44	7.49	
Net Fixed Assets	11.45	9.73	8.27	7.03	5.98	
Current Assets						
Sundry Debtors	4.63	5.32	6.02	6.78	7.60	
Stock in Hand	10.18	11.60	13.10	14.72	16.48	
Cash and Bank	1.21	0.27	0.37	0.22	0.25	
TOTAL :	27.47	26.92	27.77	28.75	30.30	

5.5 Projected Cash Flow Statement

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.07				
Net Profit	2.69	4.17	7.13	9.92	13.94
Depreciation & Exp. W/off	2.02	1.72	1.46	1.24	1.05
Increase in Cash Credit	6.52	-	-	-	-
Increase In Term Loan	12.12	-	-	-	-
Increase in Creditors	7.56	1.05	1.14	1.21	1.31
Increase in Provisions & Oth labilities	0.20	0.02	0.02	0.02	0.03
	-				
TOTAL :	33.19	6.96	9.75	12.39	16.32
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	13.47				
Increase in Stock	10.18	1.42	1.51	1.62	1.76
Increase in Debtors	4.63	0.69	0.70	0.76	0.82
Repayment of Term Loan	1.35	2.69	2.69	2.69	2.69
Drawings	2.35	3.10	4.30	6.45	8.80
Taxation	-	-	0.44	1.02	2.23
TOTAL :	31.98	7.90	9.64	12.54	16.30
Opening Cash & Bank Balance	-	1.21	0.27	0.37	0.22
Add : Surplus	1.21	-0.94	0.10	-0.15	0.03
Closing Cash & Bank Balance	1.21	0.27	0.37	0.22	0.25

5.6 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	4.71	5.89	8.14	10.14	12.76
Interest on Term Loan	1.19	1.05	0.75	0.46	0.16
Total	5.90	6.94	8.90	10.60	12.92
<u>REPAYMENT</u>					
Instalment of Term Loan	1.35	2.69	2.69	2.69	2.69
Interest on Term Loan	1.19	1.05	0.75	0.46	0.16
Total	2.54	3.74	3.45	3.15	2.85
DEBT SERVICE COVERAGE RATIO	2.32	1.85	2.58	3.36	4.53
AVERAGE D.S.C.R.	2.93				

5.7 Production & Yeild

<u>COMPUTATION OF PRODUCTION OF CAKES</u>		
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

5.10 Working Capital Requirement

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	2.62	2.99	3.36	3.77	4.22
<u>Raw Material</u>					
	7.56	8.61	9.74	10.95	12.26
Closing Stock	10.18	11.60	13.10	14.72	16.48

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD					(in Lacs)
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	10.18				
Less : Creditors	7.56				
Paid stock	2.62	10%	0.26	90%	2.36
Sundry Debtors	4.63	10%	0.46	90%	4.16
	7.25		0.72		6.52
MPBF					6.52
WORKING CAPITAL LIMIT DEMAND (from Bank)					6.52
Working Capital Margin					0.72

5.12 Repayment Schedule

REPAYMENT SCHEDULE OF TERM LOAN							
					Interest	11.00%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	12.12	12.12	-	-	12.12
	2nd month	12.12	-	12.12	0.11	-	12.12
	3rd month	12.12	-	12.12	0.11	-	12.12
	4th month	12.12	-	12.12	0.11	-	12.12
	5th month	12.12	-	12.12	0.11	-	12.12
	6th month	12.12	-	12.12	0.11	-	12.12
	7th month	12.12	-	12.12	0.11	0.22	11.90
	8th month	11.90	-	11.90	0.11	0.22	11.67
	9th month	11.67	-	11.67	0.11	0.22	11.45
	10th month	11.45	-	11.45	0.10	0.22	11.23
	11th month	11.23	-	11.23	0.10	0.22	11.00
	12th month	11.00	-	11.00	0.10	0.22	10.78
					1.19	1.35	
2nd	Opening Balance						
	1st month	10.78	-	10.78	0.10	0.22	10.55
	2nd month	10.55	-	10.55	0.10	0.22	10.33
	3rd month	10.33	-	10.33	0.09	0.22	10.10
	4th month	10.10	-	10.10	0.09	0.22	9.88
	5th month	9.88	-	9.88	0.09	0.22	9.65
	6th month	9.65	-	9.65	0.09	0.22	9.43

	7th month	9.43	-	9.43	0.09	0.22	9.20
	8th month	9.20	-	9.20	0.08	0.22	8.98
	9th month	8.98	-	8.98	0.08	0.22	8.76
	10th month	8.76	-	8.76	0.08	0.22	8.53
	11th month	8.53	-	8.53	0.08	0.22	8.31
	12th month	8.31	-	8.31	0.08	0.22	8.08
					1.05	2.69	
3rd	Opening Balance						
	1st month	8.08	-	8.08	0.07	0.22	7.86
	2nd month	7.86	-	7.86	0.07	0.22	7.63
	3rd month	7.63	-	7.63	0.07	0.22	7.41
	4th month	7.41	-	7.41	0.07	0.22	7.18
	5th month	7.18	-	7.18	0.07	0.22	6.96
	6th month	6.96	-	6.96	0.06	0.22	6.73
	7th month	6.73	-	6.73	0.06	0.22	6.51
	8th month	6.51	-	6.51	0.06	0.22	6.29
	9th month	6.29	-	6.29	0.06	0.22	6.06
	10th month	6.06	-	6.06	0.06	0.22	5.84
	11th month	5.84	-	5.84	0.05	0.22	5.61
	12th month	5.61	-	5.61	0.05	0.22	5.39
					0.75	2.69	
4th	Opening Balance						
	1st month	5.39	-	5.39	0.05	0.22	5.16
	2nd month	5.16	-	5.16	0.05	0.22	4.94
	3rd month	4.94	-	4.94	0.05	0.22	4.71
	4th month	4.71	-	4.71	0.04	0.22	4.49

	5th month	4.49	-	4.49	0.04	0.22	4.27
	6th month	4.27	-	4.27	0.04	0.22	4.04
	7th month	4.04	-	4.04	0.04	0.22	3.82
	8th month	3.82	-	3.82	0.03	0.22	3.59
	9th month	3.59	-	3.59	0.03	0.22	3.37
	10th month	3.37	-	3.37	0.03	0.22	3.14
	11th month	3.14	-	3.14	0.03	0.22	2.92
	12th month	2.92	-	2.92	0.03	0.22	2.69
					0.46	2.69	
5th	Opening Balance						
	1st month	2.69	-	2.69	0.02	0.22	2.47
	2nd month	2.47	-	2.47	0.02	0.22	2.24
	3rd month	2.24	-	2.24	0.02	0.22	2.02
	4th month	2.02	-	2.02	0.02	0.22	1.80
	5th month	1.80	-	1.80	0.02	0.22	1.57
	6th month	1.57	-	1.57	0.01	0.22	1.35
	7th month	1.35	-	1.35	0.01	0.22	1.12
	8th month	1.12	-	1.12	0.01	0.22	0.90
	9th month	0.90	-	0.90	0.01	0.22	0.67
	10th month	0.67	-	0.67	0.01	0.22	0.45
	11th month	0.45	-	0.45	0.00	0.22	0.22
	12th month	0.22	-	0.22	0.00	0.22	-
					0.16	2.69	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
		6		MONTHS			
	REPAYMENT PERIOD	54		MONTHS			

Assumptions:

1. Production Capacity of a Cake unit is taken at 50 Kg per Hour. First year, Capacity has been taken @ 60%.
2. Working shift of 8 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10-3 days.
4. Credit period to Sundry Debtors has been given for 5 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% & 5% respectively in the subsequent years.

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