

# CAKES AND 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. Cakes & 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 flavors of cakes & pastries.

## MARKET POTENTIAL

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. 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.

## BASIS AND PRESUMPTIONS

- (1) Interest rate: 15% per annum on total capital investment is taken into Consideration
- (2) Margin money: The promoter may bring in 25% of both fixed capital and working capital requirements.
- (3) Efficiency: 60% utilization of machinery and manpower has been considered.
- (4) Labour wages: Minimum wages applicable for skilled and unskilled workers were taken into consideration.
- (5) Working shifts per day: It is envisaged that the enterprise will be in operation on single shift of 8 hours per day basis for 330 working days in year.
- (6) Implementation period: Project implementation period of 1 year is envisaged.

## IMPLEMENTATION SCHEDULE

Sl	Description of activity	Time (approx.)
1	Selection of the product	1 month
2	Preparation of the project report	1 month
3	Selection of the location	1 month
4	Mobilizing finance for the project	3 months
5	Procurement of machinery and equipment	1 month
6	Obtaining Power connection	1 month
7	Commissioning of machinery and equipment	2 month
8	Recruitment of manpower	1 month
9	Trial run and commencement of production	1 month
<b>Total project implementation period</b>		<b>8 Months</b>

## **TECHNICAL ASPECTS**

### **MANUFACTURING PROCESS**

It is standardized and simple for all products. To make cakes, 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 color and chopped fruits before the mixture is 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. are 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, color and garnish.

There are no standard flavors 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.

### **PRODUCTION CAPACITY**

As against annual rated capacity of 100 tones, actual utilization would be 60% in the first year and 75% thereafter.

### **POLLUTION CONTROL**

This industry does not create any kind of pollution and as such there is no need to take any preventive measures for pollution control.

## **FINANCIAL ASPECTS**

### **A. FIXED CAPITAL**

#### **(1) LAND & BUILDING**

Covered area (200 Sq. meters) rented building is @ 5,000/- per month

## 2. Machinery and Equipment

Sl.No.	Description	Quantity	Rate	Amount
1	Flour Sifter	1	20,000	20,000
2	Egg Beater	1	10,000	10,000
3	Cake Mixer	1	30,000	30,000
4	Sugar Pulveriser- 10 Kgs Capacity	1	15,000	15,000
5	Electrically-operated Oven with 48 Trays	1	2,00,000	2,00,000
6	Baking Pans and Moulds		25,000	25,000
7	SS utensils, plastic tubs, mixing vessels, weighing scales etc		40,000	40,000
8	Office equipments and furniture		50,000	50,000
9	Electrification and installation of machinery		10,000	10,000
<b>TOTAL</b>				<b>4,00,000/-</b>

### (3) Pre operative expenses

A provision of Rs. 50,000/- would take care of pre-production expenses like establishment, registration and administrative charges, interest during implementation, trial run expenses etc.

Total Fixed capital (2+3) = 4,50,000/-

## B. WORKING CAPITAL(PER MONTH)

### 1. Staff and Labour (per month)

Sl.No.	Description	No.	Salary	Total
1	Skilled workers	2	15,000/-	30,000/-
2	Un skilled workers	4	10,000/	40,000/-
3	Sales man	2	12,000	24000/-
4	Perquisites @15% On salary			14100/-
	<b>Total</b>			<b>108100/-</b>

**(2)Raw materials (per month)**

sl.No.	Description	Quantity	Units	Rate	Amount
1	Wheat Flour	2	Tones	24000	48,000/-
2	Sugar	2	Tones	36000	72,000/-
3	Ghee	1	Tones	300000	3,00,000/-
4	Eggs	2000	Dozen	50	1,00,000/-
5	Milk powder, yeast, salt, assorted fruits, baking powder, caramel colors, vanilla, etc.				50,000/-
5	Packing Material				10,000
				<b>TOTAL</b>	<b>5,80,000</b>

**3.Utilities(per month)**

Sl.No.	Description	Amount
1	Power	8,000/-
2	Water	2,000/-
	<b>Total</b>	<b>10,000/-</b>

**4) Other contingent expenses (per month)**

Sl.No.	Description	Amount
1	Rent	5,000
2	Repair and maintenance	2,000
3	Transportation charges	2,000
4	Telephone and Internet	1,000
5	Advertisement and Publicity	1,000
6	Insurance	1,000
7	Misc Exp	2,000
	<b>Total</b>	<b>Rs.14000/-</b>

**5.Total working capital (per month)**

Sl.No	Descriptions	Amount
1	Raw materials	5,80,000
2	Staff and labour	1,08,100
3	Utilities	10,000
4	Other contingent expenses	14,000
	<b>Total</b>	<b>7,12,100/-</b>

(6) Working capital for 3 months      Rs.712100 \*3 = 2136300/-

### C. TOTAL CAPITAL INVESTMENT

Sl.No.	Description	Amount
1.	Fixed capital	4,50,000
2	Working capital for 3 months	21,36,300
	<b>Total</b>	<b>25,86,300/-</b>

### FINANCIAL ANALYSIS

1. Cost of production (per year)

Sl.No.	Description	Amount
1	Total recurring cost	85,45,200
2	Depreciation on machinery @10%	34,000
3	Depreciation on office equipments @20%	10,000
4	Interest on Total capital investment@15%	3,87,945
	<b>Total</b>	<b>89,77,145/-</b>

(2) Turnover (per year)

Sl.No.	Items	Quantity	Rate(Avg)	Amount
1	Cake and Pastry	60 Tones	1,70,000/-	1,02,00,000

(3) Net profit (before taxation) (per year)

Sl.No.	Item	Amount
1	Turnover	1,02,00,000
2	Less Cost of production	8977145
	<b>NET PROFIT</b>	<b>12,22,855/</b>

(4) Net profit ratio = Net profit per year x 100/Turnover per year

$$12,22,855 \times 100 / 1,08,00,000 = 11.98\%$$

(5) Rate of return on Total Investment

Net profit per year x 100/Total Investment =1222855x100/2586300=**47.28%**

(6) Break even :

**Fixed cost**

Sl.No	Description	Amount
1	Rent for one year	60000
2	Total Depreciation	44000
3	Interest on Total Investment	387945
4	40% of Wages	518880
5	40% of Utility and Contingent charges	115200
	<b>Total</b>	<b>1126025</b>

Breakeven point= Fixed cost x 100/ Fixed cost + Net profit =

1126025 x100/1126025 + 1222855 =112602500/2348880 = **47.94%**

**LIST OF SUPPLIERS FOR PLANT & MACHINERY**

1	George Engineering, Muringoor, Ernakulam ,Kerala- 680316
2	Geetham Agencies Ms. Alice Xavier (Administrator),17, New Scheme Road, Opposite Kaikadai Bus Stop, P. N. Palayam, Coimbatore - 641037, Tamil Nadu
3	Shri Chamundi Baking Equipments Door No 252, Perumal Kovil Street, Annalagraharam Post, Sakkottai S.O., Kumbakonam - 612 401, Tamilnadu,
4	Arun Rega Bakery Machinerics (Pvt) Limited , S.F. No. 213, Site No. 4, Sitra Kalapatti Road Kalapatti Post, Coimbatore - 641048, Tamil Nadu
5	B.A Engineering No. 16- D, Samrat Silk Mills Compound, LBS Marg, Near Asha Usha Bus Stop, Vikhroli West, Mumbai - 400079, Maharashtra