

1. INTRODUCTION

CUMIN BISCUITS



Cumin cookies or jeera/zeera (hindi name for cumin) biscuits as we call them in India are ideal for tea time.

A biscuit is a flour-based baked food product. Biscuit demand is increasing due to the need for nutritious, easy-to-store, easy-to-carry, and long-lasting foods on long journeys. Biscuits Industry in India is the largest among all the food industries.

Biscuit is a term used for baked common flour packaged consumables. Traditionally it is perceived as low cost breakfast item as complement with tea. Today it is one of the most loved food products for people from all age groups. This is because it is affordable and easily available. Demand for healthy biscuits like cumin biscuits is increasing due to the active lifestyle of consumers who are looking for convenient eating options.

2. MARKET POTENTIAL:

India biscuit market stood at \$ 3.9 billion in 2016, and is projected to grow at a CAGR of 11.27%, in value terms, during 2017-2022, to reach \$ 7.25 billion by 2022. Rising number of health-conscious consumers, expanding working

population and increasing urbanization are boosting the country's biscuit market. Moreover, augmenting disposable income along with changing lifestyle, increasing awareness regarding healthy diet and change in food consumption pattern are some of the other factors expected to propel demand for biscuits over the course of next five years.

The global biscuits market size was valued at USD 30.62 billion in 2018 and is projected to expand at a CAGR of 5.3% from 2019 to 2025. Growing product popularity, especially in emerging regions, is expected to be the key factor fueling the market growth. Moreover, high demand for cumin biscuits in developing economies like India will boost the market further. Bakery manufacturers attract customers with innovative packaging solutions and by launching new flavor variants, such as pineapple.

3. PRODUCT DESCRIPTION

3.1 Raw Material sources

Following raw material is required as the major raw material for the manufacturing of cumin biscuits.

S.N.	Description	Amount
1	Wheat flour	Rs. 30-40 Per KG
2	Sugar	Rs. 35 - 42 Per KG
3	Flavours	Rs.100- 300 Per Litre
4	Oil	Rs. 100-150 Per Litre
5	Baking Powder	Rs. 100-150 Per KG
6	Milk Powder	Rs. 250-300 Per KG

Average raw material (cost per KG): Rs. 80-90

4.1 MANUFACTURING PROCESS

- First of all, as a raw material bakery shortening is kept at a temperature of 8 degree Celsius to 10 degree Celsius to Colden its raw material, so that there will be no lumps issue arise at the time of mixing.
- Putting of all raw material in proportionate ratio into the mixture and mix all the material
- After preparation of mixture add refined wheat flour and prepare dough.
- After preparation of dough roll dough into the plain sheet and add zeera on top of the dough.
- Then keep ready mixture near dropping machine, where cookies are designed according to size, type by the operator.
- Trays are then loaded to the back of machine, in which cookies start coming on the conveyor drop by drop.
- After that these trays are loaded on trolley and cookies are kept in the open for baking process at at required temperature for some time.
- After baking process cumin biscuits are send to packaging department.



5. PROJECT COMPONENTS

5.1 Land

Land required 1200-1500 square feet approx.

Approximate rent for the same is Rs.25000-30000 per month.

5.2 Plant & Machinery

S.N.	Item Description	Image
1	Planetary mixture	
2	Baking Oven	
3	Dropping machine	
4	Non-stick Coating Machine	

Note: cost of the machinery is approx. Rs. 15,00,000 excluding GST and other transportation cost.

5.3 Misc. Assets

S.N.	Item Description	Rate
1	Electricity connection	50,000
2	equipment's & Fixtures	50,000
3	Storage tank etc.	20,000

5.4 Power Requirement

The borrower shall require power load of 15-20 HP which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall also purchase DG Set.

5.5 Manpower Requirement

6-7 Manpower are required for the Cumin Biscuits manufacturing unit.

Includes:

2 Skilled Labour

2 Unskilled Labour

1-2 Helper

1 Accountant

6. FINANCIALS

6.1 Cost of Project

COST OF PROJECT	
(in Lacs)	
PARTICULARS	Amount
Land & Building	Owned/rented
Plant & Machinery	15.00
miscellaneous Assets	1.20
Working capital	5.56
Total	21.76

6.2 Means of Finance

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution (min 10%)	2.18
Subsidy @35%(Max. Rs 10 Lac)	5.67
Term Loan @ 55%	8.91
Working Capital (bank Finance)	5.00
Total	21.76

6.3 Projected Balance Sheet

(in Lacs)					
PROJECTED BALANCE SHEET					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		8.28	9.30	10.76	12.77
<i>Add:- Own Capital</i>	2.18				
Add:- Retained Profit	1.23	3.02	4.96	7.01	8.77
Less:- Drawings	0.80	2.00	3.50	5.00	7.00
Subsidy/grant	5.67				
Closing Balance	8.28	9.30	10.76	12.77	14.54
Term Loan	7.92	5.94	3.96	1.98	-
Working Capital Limit	5.00	5.00	5.00	5.00	5.00
Sundry Creditors	1.80	2.08	2.38	2.69	3.06
Provisions & Other Liab	0.40	0.50	0.60	0.72	0.86
TOTAL :	23.40	22.82	22.70	23.16	23.46
<u>Assets</u>					
Fixed Assets (Gross)	16.20	16.20	16.20	16.20	16.20
Gross Dep.	2.37	4.39	6.11	7.58	8.84
Net Fixed Assets	13.83	11.81	10.09	8.62	7.36
Current Assets					
Sundry Debtors	3.19	3.80	4.34	4.96	5.61
Stock in Hand	4.59	5.27	6.00	6.77	7.66
Cash and Bank	1.79	1.94	2.27	2.81	2.83
TOTAL :	23.40	22.82	22.70	23.16	23.46

6.4 Projected Cash Flow

(in Lacs)					
PROJECTED CASH FLOW STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.18				
Net Profit	1.23	3.02	4.96	7.24	9.43
Depriciation & Exp. W/off	2.37	2.02	1.72	1.47	1.25
Increase in Cash Credit	5.00	-	-	-	-
Increase In Term Loan	8.91	-	-	-	-
Increase in Creditors	1.80	0.28	0.30	0.32	0.36
Increase in Provisions & Oth lib	0.40	0.10	0.10	0.12	0.14
Sunsidy/grant	5.67				
TOTAL :	27.56	5.42	7.08	9.15	11.19
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	16.20				
Increase in Stock	4.59	0.68	0.73	0.78	0.89
Increase in Debtors	3.19	0.61	0.54	0.61	0.65
Repayment of Term Loan	0.99	1.98	1.98	1.98	1.98
Drawings	0.80	2.00	3.50	5.00	7.00
Taxation	-	-	-	0.23	0.66
TOTAL :	25.77	5.27	6.75	8.60	11.18
Opening Cash & Bank Balance	-	1.79	1.94	2.27	2.81
Add : Surplus	1.79	0.15	0.33	0.54	0.02
Closing Cash & Bank Balance	1.79	1.94	2.27	2.81	2.83

6.5 Projected Profitability

(in Lacs)					
PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
CUMIN BISCUITS	87.00	103.64	118.47	135.18	152.94
Total	87.00	103.64	118.47	135.18	152.94
<u>COST OF SALES</u>					
Raw Material Consumed	60.00	69.30	79.20	89.70	101.85
Electricity Expenses	4.50	5.18	5.95	6.84	7.53
Depreciation	2.37	2.02	1.72	1.47	1.25
Wages & labour	5.04	5.54	6.10	6.71	7.38
Repair & maintenance	2.18	2.59	2.96	3.38	3.82
Packaging	3.48	4.15	4.74	5.41	6.12
Cost of Production	77.57	88.78	100.67	113.51	127.95
Add: Opening Stock /WIP	-	2.59	2.96	3.36	3.78
Less: Closing Stock /WIP	2.59	2.96	3.36	3.78	4.27
Cost of Sales	74.98	88.40	100.28	113.08	127.47
GROSS PROFIT	12.02	15.23	18.19	22.10	25.47
Salary to Staff	3.24	3.56	3.92	4.31	4.74
Interest on Term Loan	0.88	0.77	0.55	0.34	0.12

Interest on working Capital	0.55	0.55	0.55	0.55	0.55
Rent	3.60	3.96	4.36	4.79	5.27
selling & adm exp	2.52	3.37	3.85	4.87	5.35
TOTAL	10.79	12.21	13.23	14.86	16.04
NET PROFIT	1.23	3.02	4.96	7.24	9.43
Taxation				0.23	0.66
PROFIT (After Tax)	1.23	3.02	4.96	7.01	8.77

6.6 Production and Yield

COMPUTATION OF PRODUCTION OF CUMIN BISCUITS		
Items to be Manufactured		
CUMIN BISCUITS		
Machine capacity Per hour	50	KG
Total working Hours	10	
Machine capacity Per Day	500	
working days in a month	25	Days
working days per annum	300	
machine capacity per annum	150000	KG

Production of CUMIN BISCUITS		
Production	Capacity	KG
1st year	50%	75,000
2nd year	55%	82,500
3rd year	60%	90,000
4th year	65%	97,500
5th year	70%	105,000

Raw Material Cost			
Year	Capacity Utilization	Rate (per KG)	Amount (Rs. in lacs)
1st year	50%	80.00	60.00
2nd year	55%	84.00	69.30
3rd year	60%	88.00	79.20
4th year	65%	92.00	89.70
5th year	70%	97.00	101.85

6.7 Sales Revenue

<u>COMPUTATION OF SALE</u>					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	2,500	2,750	3,000	3,250
Production	75,000	82,500	90,000	97,500	105,000
Less : Closing Stock	2,500	2,750	3,000	3,250	3,500
Net Sale	72,500	82,250	89,750	97,250	104,750
sale price per KG	120.00	126.00	132.00	139.00	146.00
Sales (in Lacs)	87.00	103.64	118.47	135.18	152.94

6.8 Working Capital Assessment

(in Lacs)					
COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	2.59	2.96	3.36	3.78	4.27
<u>Raw Material</u>					
	2.00	2.31	2.64	2.99	3.40
Closing Stock	4.59	5.27	6.00	6.77	7.66

<u>COMPUTATION OF WORKING CAPITAL REQUIREMENT</u>					
TRADITIONAL METHOD					
(in Lacs)					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	4.59				
Less : Creditors	1.80				
Paid stock	2.79	10%	0.28	90%	2.51
Sundry Debtors	3.19	10%	0.32	90%	2.87
	5.98		0.60		5.38
MPBF					5.38
WORKING CAPITAL LIMIT DEMAND (from Bank)					5.00
Working Capital Margin					0.56

6.9 Power, Salary & Wages Calculation

Utility Charges (per month)		
Particulars	value	Description
Power connection required	15	KWH
consumption per day	150	units
Consumption per month	3,750	units
Rate per Unit	10	Rs.
power Bill per month	37,500	Rs.

<u>BREAK UP OF LABOUR CHARGES</u>			
Particulars	Wages	No of	Total
	Rs. per Month	Employees	Salary
Skilled (in thousand rupees)	13,000	2	26,000
Unskilled (in thousand rupees)	8,000	2	16,000
Total salary per month			42,000
Total annual labour charges	(in lacs)		5.04

<u>BREAK UP OF Staff Salary CHARGES</u>			
Particulars	Salary	No of	Total
	Rs. per Month	Employees	Salary
helper	6,000	2	12,000
Accountant	15,000	1	15,000
Total salary per month			27,000
Total annual Staff charges	(in lacs)		3.24

6.10 Depreciation

			(in Lacs)
COMPUTATION OF DEPRECIATION			
Description	Plant & Machinery	Miss. Assets	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	15.00	1.20	16.20
Total	15.00	1.20	16.20
Less : Depreciation	2.25	0.12	2.37
WDV at end of Year	12.75	1.08	13.83
Additions During The Year	-	-	-
Total	12.75	1.08	13.83
Less : Depreciation	1.91	0.11	2.02
WDV at end of Year	10.84	0.97	11.81
Additions During The Year	-	-	-
Total	10.84	0.97	11.81
Less : Depreciation	1.63	0.10	1.72
WDV at end of Year	9.21	0.87	10.09
Additions During The Year	-	-	-
Total	9.21	0.87	10.09
Less : Depreciation	1.38	0.09	1.47
WDV at end of Year	7.83	0.79	8.62
Additions During The Year	-	-	-
Total	7.83	0.79	8.62
Less : Depreciation	1.17	0.08	1.25
WDV at end of Year	6.66	0.71	7.36

6.11 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	8.91	8.91	-	-	8.91
	2nd month	8.91	-	8.91	0.08	-	8.91
	3rd month	8.91	-	8.91	0.08	-	8.91
	4th month	8.91	-	8.91	0.08		8.91
	5th month	8.91	-	8.91	0.08		8.91
	6th month	8.91	-	8.91	0.08		8.91
	7th month	8.91	-	8.91	0.08	0.17	8.75
	8th month	8.75	-	8.75	0.08	0.17	8.58
	9th month	8.58	-	8.58	0.08	0.17	8.42
	10th month	8.42	-	8.42	0.08	0.17	8.25
	11th month	8.25	-	8.25	0.08	0.17	8.09
	12th month	8.09	-	8.09	0.07	0.17	7.92
					0.88	0.99	
2nd	Opening Balance						
	1st month	7.92	-	7.92	0.07	0.17	7.76
	2nd month	7.76	-	7.76	0.07	0.17	7.59
	3rd month	7.59	-	7.59	0.07	0.17	7.43
	4th month	7.43	-	7.43	0.07	0.17	7.26
	5th month	7.26	-	7.26	0.07	0.17	7.10
	6th month	7.10	-	7.10	0.07	0.17	6.93
	7th month	6.93	-	6.93	0.06	0.17	6.77
	8th month	6.77	-	6.77	0.06	0.17	6.60
	9th month	6.60	-	6.60	0.06	0.17	6.44
	10th month	6.44	-	6.44	0.06	0.17	6.27
	11th month	6.27	-	6.27	0.06	0.17	6.11
	12th month	6.11	-	6.11	0.06	0.17	5.94
					0.77	1.98	
3rd	Opening Balance						
	1st month	5.94	-	5.94	0.05	0.17	5.78
	2nd month	5.78	-	5.78	0.05	0.17	5.61
	3rd month	5.61	-	5.61	0.05	0.17	5.45
	4th month	5.45	-	5.45	0.05	0.17	5.28
	5th month	5.28	-	5.28	0.05	0.17	5.12
	6th month	5.12	-	5.12	0.05	0.17	4.95
	7th month	4.95	-	4.95	0.05	0.17	4.79
	8th month	4.79	-	4.79	0.04	0.17	4.62
	9th month	4.62	-	4.62	0.04	0.17	4.46

	10th month	4.46	-	4.46	0.04	0.17	4.29
	11th month	4.29	-	4.29	0.04	0.17	4.13
	12th month	4.13	-	4.13	0.04	0.17	3.96
					0.55	1.98	
4th	Opening Balance						
	1st month	3.96	-	3.96	0.04	0.17	3.80
	2nd month	3.80	-	3.80	0.03	0.17	3.63
	3rd month	3.63	-	3.63	0.03	0.17	3.47
	4th month	3.47	-	3.47	0.03	0.17	3.30
	5th month	3.30	-	3.30	0.03	0.17	3.14
	6th month	3.14	-	3.14	0.03	0.17	2.97
	7th month	2.97	-	2.97	0.03	0.17	2.81
	8th month	2.81	-	2.81	0.03	0.17	2.64
	9th month	2.64	-	2.64	0.02	0.17	2.48
	10th month	2.48	-	2.48	0.02	0.17	2.31
	11th month	2.31	-	2.31	0.02	0.17	2.15
	12th month	2.15	-	2.15	0.02	0.17	1.98
					0.34	1.98	
5th	Opening Balance						
	1st month	1.98	-	1.98	0.02	0.17	1.82
	2nd month	1.82	-	1.82	0.02	0.17	1.65
	3rd month	1.65	-	1.65	0.02	0.17	1.49
	4th month	1.49	-	1.49	0.01	0.17	1.32
	5th month	1.32	-	1.32	0.01	0.17	1.16
	6th month	1.16	-	1.16	0.01	0.17	0.99
	7th month	0.99	-	0.99	0.01	0.17	0.83
	8th month	0.83	-	0.83	0.01	0.17	0.66
	9th month	0.66	-	0.66	0.01	0.17	0.50
	10th month	0.50	-	0.50	0.00	0.17	0.33
	11th month	0.33	-	0.33	0.00	0.17	0.17
	12th month	0.17	-	0.17	0.00	0.17	-
					0.12	1.98	
	DOOR TO DOOR	60	MONTHS				
	MORATORIUM PERIOD	6	MONTHS				
	REPAYMENT PERIOD	54	MONTHS				

6.12 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	3.60	5.04	6.69	8.48	10.03
Interest on Term Loan	0.88	0.77	0.55	0.34	0.12
Total	4.48	5.81	7.24	8.81	10.14
<u>REPAYMENT</u>					
Instalment of Term Loan	0.99	1.98	1.98	1.98	1.98
Interest on Term Loan	0.88	0.77	0.55	0.34	0.12
Total	1.87	2.75	2.53	2.32	2.10
DEBT SERVICE COVERAGE RATIO	2.40	2.11	2.86	3.81	4.83
AVERAGE D.S.C.R.	3.20				

6.13 Break Even Point Analysis

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	87.00	103.64	118.47	135.18	152.94
Less : Op. WIP Goods	-	2.59	2.96	3.36	3.78
Add : Cl. WIP Goods	2.59	2.96	3.36	3.78	4.27
Total Sales	89.59	104.01	118.87	135.61	153.42
Variable & Semi Variable Exp.					
Raw Material Consumed	60.00	69.30	79.20	89.70	101.85

Electricity Exp/Coal Consumption at 85%	3.83	4.40	5.06	5.82	6.40
Wages & Salary at 60%	4.97	5.46	6.01	6.61	7.27
Selling & administrative Expenses 80%	2.02	2.69	3.08	3.89	4.28
Interest on working Capital	0.55	0.55	0.55	0.55	0.55
Repair & maintenance	2.18	2.59	2.96	3.38	3.82
Packaging	3.48	4.15	4.74	5.41	6.12
Total Variable & Semi Variable Exp	77.02	89.14	101.60	115.36	130.30
Contribution	12.57	14.86	17.27	20.25	23.12
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.68	0.78	0.89	1.03	1.13
Wages & Salary at 40%	3.31	3.64	4.01	4.41	4.85
Interest on Term Loan	0.88	0.77	0.55	0.34	0.12
Depreciation	2.37	2.02	1.72	1.47	1.25
Selling & administrative Expenses 20%	0.50	0.67	0.77	0.97	1.07
Rent	3.60	3.96	4.36	4.79	5.27
Total Fixed Expenses	11.34	11.84	12.30	13.00	13.69
Capacity Utilization	50%	55%	60%	65%	70%
OPERATING PROFIT	1.23	3.02	4.96	7.24	9.43
BREAK EVEN POINT	45%	44%	43%	42%	41%
BREAK EVEN SALES	80.81	82.88	84.70	87.10	90.84

7. LICENSE & APPROVALS

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- Fire/pollution license as required.
- FSSAI License
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1-2
2	Procurement & installation of Plant & Machinery	1-2
3	Arrangement of Finance	1-2
4	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	5-6 Months

8. ASSUMPTIONS

1. Production Capacity of Cumin Biscuits is 500 Kgs per day. First year, Capacity has been taken @ 50%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock is for 10 days and finished goods Closing Stock has been taken for 10 days.
4. Credit period to Sundry Debtors has been given for 11 days.
5. Credit period by the Sundry Creditors has been provided for 9 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 15 KW.
10. Selling Prices & Raw material costing has been increased by 5% & 5% respectively in the subsequent years.