# Model Detailed Project Report

# GAJAK MANUFACTURING UNIT

**Prepared by**

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## 1. INTRODUCTION

Jaggery and confectionery are the classical decentralized cane sweets prepared and used by many people all over the world. Both are playing an overriding role in the sugar economy by reaching the demands of export trade. Traditionally, India has been producing jaggery and confectionery for export revenues and is the foremost leading countries in exporting jaggery and confectionery since the ancient period. The current stage of jaggery exports is not consistent with high variance in prices due to changing market scenario, income and taste patterns. India with divergent food habits is having a number of traditional foods, including sweet products. Brittle Gazak is one of the popular Indian traditional sweet snacks. Brittle Gazak is mainly prepared using jaggery as a sweetener and roasted nuts/sesame. Mostly liked by all age groups, also possesses nutritional importance in it.

The story of gazak, a sesame and jaggery confection with roots in Madhya Pradesh, and how it found its way in the narrow alleyways of the Old Exhibition neighbourhood of Karachi, is a tale of migration, resettlement and economic survival.

## 2. MARKET POTENTIAL:

Gazak, also called as peanut brittle in western countries is a ready to eat traditional sweet snack, which is popular throughout the country and consumed by all the

sections of the population. The functional food industry in India is strong and is a growing force in the international health foods market. The health and wellness foods market is currently estimated to be in the vicinity of USD 1.6 billion and was of USD 7.5–10 billion by the year 2015. According to market statistics, the global functional food and nutraceuticals market is increasing with a compound annual growth rate (CAGR) of 7.4% that is outpacing the traditional processed food market and is expected to reach USD 180 billion in 2018.

In the world, India ranks first in the production and area of sesame seeds and is grown in different seasons covering practically all agro-ecological zones. Sesame is a rich source of calcium (approx. 1%) and phosphorous (approx. 0.7%). Sesame contains ample amounts of oleic (43%), linoleic (35%), palmitic (11%) and stearic acid (7%) which together comprise 96% of the total fatty acids (saydut A et al., 2008) It has many uses and it is markedly different from other vegetable oils due to its high nutritional and therapeutic values. Gur (Jaggery) is a natural, traditional sweetener made by the concentration of sugarcane juice and is known all over the world in different local names. India is the largest producer and consumer of jaggery. Out of total world production, more than 70% is produced in India.

## 3. PRODUCT DESCRIPTION

### 3.1 PRODUCT BENEFITS

The demand for functional ingredients in Gajak is rising, owing to their nutritional benefits.

- Boosts Digestion: Sesame seeds and jaggery are both great for digestion and ensure regular bowel movements.

- Boosts Skin Health: Sesame seeds have anti-inflammatory properties that are good for the skin, which tends to become dry and flaky during winters.

- Boosts Energy Levels: The presence of jaggery in gajak makes it a great energiser. Even sesame seeds are great for boosting energy levels, due to the presence of high levels of good fat in them. Eating a small piece before or after your workout may boost energy or fasten recovery, respectively.

- Satiating Fiber: Gajak is filling, as sesame seeds are rich in fiber, which makes it a good winter snack.

## 3.2 RAW MATERIAL

The raw materials required for Gazak is as follow:

- Sesame
- Jaggery
- Water
- Packing Material

## 3.3 MANUFACTURING PROCESS

- First step is to roast the sesame in the roasting machine to withdraw the rawness in the seeds and kept aside to cool down.

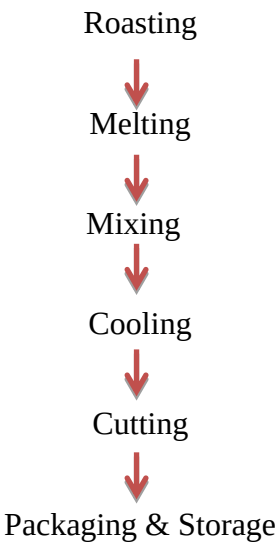
- Side by side jaggery and water is melted together to make a sugary syrup which later after cooling is kneading to look like a loosened dough.

- Next step involves the mixing of sesame and the jaggery syrup together and are properly mashed and mixed such that the sesame seeds break into coarse material mixed in the melted jaggery.

- The mixture is then put into the machine for further cooling, shaping and cutting into bars.

- The final stage is the packaging stage, where the finished confectionery is packaged by using packaging machine or it can also be done manually.

**Flow chart of Gazak Making**



## 4. PROJECT COMPONENTS

### 4.1 Land & Building

The approximate total area required for complete factory setup is 1000-1500 Sq. ft. approximately smooth production including storage area.

### 4.2 Plant & Machinery

| | | |
|---|---|---|
| **Jaggery syrup making kettle** | These kettles have the limpet elaborate heating surface which helps in making the syrup quickly without charring and burning. |  |
| **Sesame Roasting Machine** | Used in roasting sesame. This machine can also roast all types of edible seeds. |  |
| **Sesame Bar making machine** | This compact machine includes:<br>✓ Gazak mix rolling and feeding system<br>✓ Gazak mix cooling system<br>✓ Gazak bar cutting/slicing machine |  |

**Note:** Approx. Total Machinery cost shall be Rs 15.60 lakhs including equipment's but excluding GST and Transportation Cost.

## 4.3 Power Requirement

The borrower shall require power load of 7 KW which shall be applied with Power Corporation.

## 4.4 Manpower Requirement

12 Manpower are required for the Gajak Manufacturing Business.

Includes:

1 Supervisor

2 Skilled Labour

4 Unskilled Labour

1 Manager

1 Accountant

## 5. FINANCIALS

### 5.1 Cost of Project

| COST OF PROJECT (in Lacs) | |
|---|---|
| **PARTICULARS** | **Amount** |
| Land & Building | Owned/Rented |
| Plant & Machinery | 15.60 |
| Miscellaneous Assets | 0.90 |
| Working capital | 5.51 |
| **Total** | **22.01** |

### 5.2 Means of Finance

| MEANS OF FINANCE | |
|---|---|
| **PARTICULARS** | **AMOUNT** |
| Own Contribution (min 10%) | 2.20 |
| Subsidy @35%(Max. Rs 10 Lac) | 5.78 |
| Term Loan @ 55% | 9.08 |
| Working Capital (bank Finance) | 4.96 |
| **Total** | **22.01** |

### 5.3 Projected Balance Sheet

| PROJECTED BALANCE SHEET | (in Lacs) |
|---|---|

| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year |
|---|---|---|---|---|---|
| ***Liabilities*** | | | | | |
| Capital | | | | | |
| opening balance | | 5.74 | 8.19 | 8.98 | 10.43 |
| *Add:- Own Capital* | 2.20 | | | | |
| Add:- Retained Profit | 3.54 | 6.44 | 8.79 | 11.45 | 14.38 |
| Less:- Drawings | - | 4.00 | 8.00 | 10.00 | 12.00 |
| Closing Balance | 5.74 | 8.19 | 8.98 | 10.43 | 12.81 |
| Subsidy Reserve | 5.78 | 5.78 | 5.78 | 5.78 | 5.78 |
| Term Loan | 8.07 | 6.05 | 4.03 | 2.02 | - |
| Working Capital Limit | 4.96 | 4.96 | 4.96 | 4.96 | 4.96 |
| Sundry Creditors | 0.59 | 0.68 | 0.77 | 0.87 | 0.98 |
| Provisions & Other Liab | 1.00 | 0.78 | 0.94 | 1.12 | 0.90 |
| **TOTAL :** | **26.13** | **26.43** | **25.46** | **25.18** | **25.43** |
| ***Assets*** | | | | | |
| **Fixed Assets ( Gross)** | 16.50 | 16.50 | 16.50 | 16.50 | 16.50 |
| Gross Dep. | 2.43 | 4.50 | 6.26 | 7.77 | 9.05 |
| **Net Fixed Assets** | **14.07** | **12.00** | **10.24** | **8.73** | **7.45** |
| Subsidy FD in Lien | 5.78 | 5.78 | 5.78 | 5.78 | 5.78 |
| **Current Assets** | | | | | |
| Sundry Debtors | 2.90 | 3.45 | 3.95 | 4.51 | 5.11 |
| Stock in Hand | 3.20 | 3.65 | 4.13 | 4.64 | 5.18 |
| Cash and Bank | 0.19 | 1.55 | 1.37 | 1.52 | 1.90 |
| **TOTAL :** | **26.13** | **26.43** | **25.46** | **25.18** | **25.43** |

## 5.4 Projected Cash Flow

| **PROJECTED CASH FLOW STATEMENT** | **(in Lacs)** |
|---|---|

| PARTICULARS | 1st year | 2nd year | 3rd year | 4th year | 5th year |
|---|---|---|---|---|---|
| ***SOURCES OF FUND*** | | | | | |
| Own Margin | 2.20 | | | | |
| Net Profit | 3.54 | 6.44 | 9.25 | 12.74 | 16.44 |
| Depreciation & Exp. W/off | 2.43 | 2.07 | 1.76 | 1.50 | 1.28 |
| Increase in Cash Credit | 4.96 | - | - | - | - |
| Increase In Term Loan | 9.08 | - | - | - | - |
| Increase in Creditors | 0.59 | 0.09 | 0.10 | 0.10 | 0.11 |
| Increase in Provisions & Oth lib | 1.00 | -0.22 | 0.16 | 0.19 | -0.22 |
| Subsidy/grant | 5.78 | | | | |
| **TOTAL :** | **29.57** | **8.38** | **11.27** | **14.53** | **17.60** |
| ***APPLICATION OF FUND*** | | | | | |
| Increase in Fixed Assets | 16.50 | | | | |
| Increase in Stock | 3.20 | 0.45 | 0.48 | 0.51 | 0.54 |
| Increase in Debtors | 2.90 | 0.55 | 0.49 | 0.56 | 0.60 |
| Repayment of Term Loan | 1.01 | 2.02 | 2.02 | 2.02 | 2.02 |
| Subsidy FD in Lien | 5.78 | | | | |
| Drawings | - | 4.00 | 8.00 | 10.00 | 12.00 |
| Taxation | - | - | 0.46 | 1.30 | 2.06 |
| **TOTAL :** | **29.38** | **7.02** | **11.45** | **14.39** | **17.21** |
| Opening Cash & Bank Balance | - | 0.19 | 1.55 | 1.37 | 1.52 |
| Add : Surplus | 0.19 | 1.36 | (0.18) | 0.15 | 0.39 |

| | | | | | |
|---|---|---|---|---|---|
| Closing Cash & Bank Balance | **0.19** | **1.55** | **1.37** | **1.52** | **1.90** |

## 5.5 Projected Profitability

| **PROJECTED PROFITABILITY STATEMENT** | | | | | **(in Lacs)** |
|---|---|---|---|---|---|
| **PARTICULARS** | **1st year** | **2nd year** | **3rd year** | **4th year** | **5th year** |
| Capacity Utilisation % | **50%** | **55%** | **60%** | **65%** | **70%** |
| **SALES** | | | | | |
| **Gross Sale** | | | | | |
| Gajak | 58.00 | 69.09 | 78.98 | 90.25 | 102.24 |
| **Total** | **58.00** | **69.09** | **78.98** | **90.25** | **102.24** |
| **COST OF SALES** | | | | | |
| Raw Material Consumed | 25.20 | 29.04 | 33.12 | 37.44 | 42.00 |
| Electricity Expenses | 1.68 | 1.93 | 2.22 | 2.56 | 2.81 |
| Depreciation | 2.43 | 2.07 | 1.76 | 1.50 | 1.28 |
| Wages & labour | 11.40 | 12.54 | 13.79 | 15.17 | 16.69 |
| Repair & maintenance | 0.58 | 0.69 | 0.79 | 0.90 | 1.02 |
| Packaging Expenses | 4.35 | 5.18 | 5.92 | 6.77 | 7.67 |
| **Cost of Production** | 45.64 | 51.45 | 57.61 | 64.34 | 71.47 |
| **Add: Opening Stock /WIP** | - | 1.52 | 1.72 | 1.92 | 2.14 |
| **Less: Closing Stock /WIP** | 1.52 | 1.72 | 1.92 | 2.14 | 2.38 |
| Cost of Sales | 44.12 | 51.26 | 57.41 | 64.12 | 71.23 |
| **GROSS PROFIT** | **13.88** | **17.83** | **21.57** | **26.13** | **31.00** |

| | | | | | |
|---|---|---|---|---|---|
| | **23.93%** | **25.81%** | **27.31%** | **28.95%** | **30.32%** |
| Salary to Staff | 4.20 | 4.62 | 5.08 | 5.59 | 6.15 |
| Interest on Term Loan | 0.89 | 0.79 | 0.56 | 0.34 | 0.12 |
| Interest on working Capital | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 |
| Rent | 1.80 | 1.98 | 2.18 | 2.40 | 2.64 |
| selling & adm exp | 2.90 | 3.45 | 3.95 | 4.51 | 5.11 |
| **TOTAL** | **10.34** | **11.39** | **12.32** | **13.39** | **14.56** |
| NET PROFIT | 3.54 | 6.44 | 9.25 | 12.74 | 16.44 |
| | **6.11%** | **9.33%** | **11.72%** | **14.12%** | **16.08%** |
| Taxation | - | - | 0.46 | 1.30 | 2.06 |
| PROFIT (After Tax) | 3.54 | 6.44 | 8.79 | 11.45 | 14.38 |

## 5.6 Production and Yield

| **COMPUTATION OF PRODUCTION OF GAJAK** | | |
|---|---|---|
| **Items to be Manufactured** | | |
| Gajak | | |
| Machine capacity Per hour | 50 | KG |
| Total working Hours | 8 | |
| Machine capacity Per Day | 400 | |
| working days in amonth | 25 | Days |
| working days per annum | 300 | |
| machine capacity per annum | 120000 | KG |

| Production of Gajak | | |
|---|---|---|
| **Production** | **Capacity** | **KG** |
| 1st year | 50% | 60,000 |
| 2nd year | 55% | 66,000 |
| 3rd year | 60% | 72,000 |
| 4th year | 65% | 78,000 |
| 5th year | 70% | 84,000 |

| Raw Material Cost | | | |
|---|---|---|---|
| **Year** | **Capacity Utilisation** | **Rate (per KG)** | **Amount (Rs. in lacs)** |
| 1st year | 50% | 42.00 | 25.20 |
| 2nd year | 55% | 44.00 | 29.04 |
| 3rd year | 60% | 46.00 | 33.12 |
| 4th year | 65% | 48.00 | 37.44 |
| 5th year | 70% | 50.00 | 42.00 |

## 5.7 Sales Revenue

| **COMPUTATION OF SALE** | | | | | |
|---|---|---|---|---|---|
| **Particulars** | **1st year** | **2nd year** | **3rd year** | **4th year** | **5th year** |
| Op Stock | - | 2,000 | 2,200 | 2,400 | 2,600 |
| Production | 60,000 | 66,000 | 72,000 | 78,000 | 84,000 |
| Less : Closing Stock | 2,000 | 2,200 | 2,400 | 2,600 | 2,800 |
| **Net Sale** | **58,000** | **65,800** | **71,800** | **77,800** | **83,800** |
| sale price per KG | 100.00 | 105.00 | 110.00 | 116.00 | 122.00 |
| **Sales (in Lacs)** | 58.00 | 69.09 | 78.98 | 90.25 | 102.24 |

## 5.8 Working Capital Assessment

| COMPUTATION OF CLOSING STOCK & WORKING CAPITAL | | | | | (in Lacs) |
|---|---|---|---|---|---|
| **PARTICULARS** | **1st year** | **2nd year** | **3rd year** | **4th year** | **5th year** |
| **Finished Goods** | | | | | |
| | 1.52 | 1.72 | 1.92 | 2.14 | 2.38 |
| **Raw Material** | | | | | |
| | 1.68 | 1.94 | 2.21 | 2.50 | 2.80 |
| **Closing Stock** | **3.20** | **3.65** | **4.13** | **4.64** | **5.18** |

| COMPUTATION OF WORKING CAPITAL REQUIREMENT | | | | | |
|---|---|---|---|---|---|
| **TRADITIONAL METHOD** | | | | | (in Lacs) |
| **Particulars** | **Amount** | **Own Margin** | | **Bank Finance** | |
| Finished Goods & Raw Material | 3.20 | | | | |
| Less : Creditors | 0.59 | | | | |
| **Paid stock** | **2.61** | **10%** | **0.26** | **90%** | **2.35** |
| **Sundry Debtors** | **2.90** | **10%** | **0.29** | **90%** | **2.61** |
| | **5.51** | | **0.55** | | **4.96** |
| **MPBF** | | | | | **4.96** |
| **WORKING CAPITAL LIMIT DEMAND ( from Bank)** | | | | | **4.96** |
| **Working Capital Margin** | | | | | **0.55** |

## 5.9 Power, Salary & Wages Calculation

| Utility Charges (per month) | | |
|---|---|---|
| **Particulars** | **value** | **Description** |
| Power connection required | 7 | KWH |
| consumption per day | 56 | units |
| Consumption per month | 1,400 | units |
| Rate per Unit | 10 | Rs. |
| power Bill per month | 14,000 | Rs. |

**BREAK UP OF LABOUR CHARGES**

| Particulars | Wages Rs. per Month | No of Employees | Total Salary |
|---|---|---|---|
| Supervisor | 20,000 | 1 | 20,000 |
| Skilled (in thousand rupees) | 12,000 | 2 | 24,000 |
| Unskilled (in thousand rupees) | 8,500 | 6 | 51,000 |
| **Total salary per month** | | | **95,000** |
| **Total annual labour charges** | **(in lacs)** | | **11.40** |

**BREAK UP OF STAFF SALARY CHARGES**

| Particulars | Salary Rs. per Month | No of Employees | Total Salary |
|---|---|---|---|
| Manager | 20,000 | 1 | 20,000 |
| Accountant | 15,000 | 1 | 15,000 |
| **Total salary per month** | | | **35,000** |
| **Total annual Staff charges** | **(in lacs)** | | **4.20** |

## 5.10 DSCR

| CALCULATION OF D.S.C.R | | | | | |
|---|---|---|---|---|---|
| **PARTICULARS** | **1st year** | **2nd year** | **3rd year** | **4th year** | **5th year** |
| | | | | | |
| CASH ACCRUALS | 5.97 | 8.51 | 10.56 | 12.95 | 15.66 |
| Interest on Term Loan | 0.89 | 0.79 | 0.56 | 0.34 | 0.12 |
| **Total** | 6.87 | 9.30 | 11.12 | 13.29 | 15.78 |
| | | | | | |
| **REPAYMENT** | | | | | |
| Instalment of Term Loan | 1.01 | 2.02 | 2.02 | 2.02 | 2.02 |
| Interest on Term Loan | 0.89 | 0.79 | 0.56 | 0.34 | 0.12 |
| | | | | | |
| Total | 1.90 | 2.80 | 2.58 | 2.36 | 2.14 |
| | | | | | |
| **DEBT SERVICE COVERAGE RATIO** | **3.61** | **3.32** | **4.31** | **5.64** | **7.39** |
| **AVERAGE D.S.C.R.** | | | | | **4.85** |

## 5.11 Depreciation

| COMPUTATION OF DEPRECIATION | | | (in Lacs) |
|---|---|---|---|
| **Description** | **Plant & Machinery** | **Miss. Assets** | **TOTAL** |
| Rate of Depreciation | **15.00%** | **10.00%** | |
| **Opening Balance** | - | - | - |
| Addition | 15.60 | 0.90 | 16.50 |
| Total | 15.60 | 0.90 | 16.50 |
| Less : Depreciation | 2.34 | 0.09 | 2.43 |
| **WDV at end of Year** | **13.26** | **0.81** | **14.07** |

| | | | |
|---|---|---|---|
| Additions During The Year | - | - | - |
| Total | 13.26 | 0.81 | 14.07 |
| Less : Depreciation | 1.99 | 0.08 | 2.07 |
| **WDV at end of Year** | **11.27** | **0.73** | **12.00** |
| Additions During The Year | - | - | - |
| Total | 11.27 | 0.73 | 12.00 |
| Less : Depreciation | 1.69 | 0.07 | 1.76 |
| **WDV at end of Year** | **9.58** | **0.66** | **10.24** |
| Additions During The Year | - | - | - |
| Total | 9.58 | 0.66 | 10.24 |
| Less : Depreciation | 1.44 | 0.07 | 1.50 |
| **WDV at end of Year** | **8.14** | **0.59** | **8.73** |
| Additions During The Year | - | - | - |
| Total | 8.14 | 0.59 | 8.73 |
| Less : Depreciation | 1.22 | 0.06 | 1.28 |
| **WDV at end of Year** | **6.92** | **0.53** | **7.45** |

## 5.12 Repayment schedule

| REPAYMENT SCHEDULE OF TERM LOAN | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | Interest | 11.00% |
| **Year** | **Particulars** | **Amount** | **Addition** | **Total** | **Interest** | **Repayment** | **Closing Balance** |
| **ist** | Opening Balance | | | | | | |
| | 1st month | - | 9.08 | 9.08 | - | - | 9.08 |
| | 2nd month | 9.08 | - | 9.08 | 0.08 | - | 9.08 |
| | 3rd month | 9.08 | - | 9.08 | 0.08 | - | 9.08 |
| | 4th month | 9.08 | - | 9.08 | 0.08 | | 9.08 |
| | 5th month | 9.08 | - | 9.08 | 0.08 | | 9.08 |
| | 6th month | 9.08 | - | 9.08 | 0.08 | | 9.08 |
| | 7th month | 9.08 | - | 9.08 | 0.08 | 0.17 | 8.91 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 8th month | 8.91 | - | 8.91 | 0.08 | 0.17 | 8.74 |
| | 9th month | 8.74 | - | 8.74 | 0.08 | 0.17 | 8.57 |
| | 10th month | 8.57 | - | 8.57 | 0.08 | 0.17 | 8.40 |
| | 11th month | 8.40 | - | 8.40 | 0.08 | 0.17 | 8.23 |
| | 12th month | 8.23 | - | 8.23 | 0.08 | 0.17 | 8.07 |
| | | | | | 0.89 | 1.01 | |
| **2nd** | Opening Balance | | | | | | |
| | 1st month | 8.07 | - | 8.07 | 0.07 | 0.17 | 7.90 |
| | 2nd month | 7.90 | - | 7.90 | 0.07 | 0.17 | 7.73 |
| | 3rd month | 7.73 | - | 7.73 | 0.07 | 0.17 | 7.56 |
| | 4th month | 7.56 | - | 7.56 | 0.07 | 0.17 | 7.39 |
| | 5th month | 7.39 | - | 7.39 | 0.07 | 0.17 | 7.23 |
| | 6th month | 7.23 | - | 7.23 | 0.07 | 0.17 | 7.06 |
| | 7th month | 7.06 | - | 7.06 | 0.06 | 0.17 | 6.89 |
| | 8th month | 6.89 | - | 6.89 | 0.06 | 0.17 | 6.72 |
| | 9th month | 6.72 | - | 6.72 | 0.06 | 0.17 | 6.55 |
| | 10th month | 6.55 | - | 6.55 | 0.06 | 0.17 | 6.39 |
| | 11th month | 6.39 | - | 6.39 | 0.06 | 0.17 | 6.22 |
| | 12th month | 6.22 | - | 6.22 | 0.06 | 0.17 | 6.05 |
| | | | | | **0.79** | **2.02** | |
| **3rd** | Opening Balance | | | | | | |
| | 1st month | 6.05 | - | 6.05 | 0.06 | 0.17 | 5.88 |
| | 2nd month | 5.88 | - | 5.88 | 0.05 | 0.17 | 5.71 |
| | 3rd month | 5.71 | - | 5.71 | 0.05 | 0.17 | 5.55 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 4th month | 5.55 | - | 5.55 | 0.05 | 0.17 | 5.38 |
| | 5th month | 5.38 | - | 5.38 | 0.05 | 0.17 | 5.21 |
| | 6th month | 5.21 | - | 5.21 | 0.05 | 0.17 | 5.04 |
| | 7th month | 5.04 | - | 5.04 | 0.05 | 0.17 | 4.87 |
| | 8th month | 4.87 | - | 4.87 | 0.04 | 0.17 | 4.71 |
| | 9th month | 4.71 | - | 4.71 | 0.04 | 0.17 | 4.54 |
| | 10th month | 4.54 | - | 4.54 | 0.04 | 0.17 | 4.37 |
| | 11th month | 4.37 | - | 4.37 | 0.04 | 0.17 | 4.20 |
| | 12th month | 4.20 | - | 4.20 | 0.04 | 0.17 | 4.03 |
| | | | | | **0.56** | **2.02** | |
| **4th** | Opening Balance | | | | | | |
| | 1st month | 4.03 | - | 4.03 | 0.04 | 0.17 | 3.87 |
| | 2nd month | 3.87 | - | 3.87 | 0.04 | 0.17 | 3.70 |
| | 3rd month | 3.70 | - | 3.70 | 0.03 | 0.17 | 3.53 |
| | 4th month | 3.53 | - | 3.53 | 0.03 | 0.17 | 3.36 |
| | 5th month | 3.36 | - | 3.36 | 0.03 | 0.17 | 3.19 |
| | 6th month | 3.19 | - | 3.19 | 0.03 | 0.17 | 3.03 |
| | 7th month | 3.03 | - | 3.03 | 0.03 | 0.17 | 2.86 |
| | 8th month | 2.86 | - | 2.86 | 0.03 | 0.17 | 2.69 |
| | 9th month | 2.69 | - | 2.69 | 0.02 | 0.17 | 2.52 |
| | 10th month | 2.52 | - | 2.52 | 0.02 | 0.17 | 2.35 |
| | 11th month | 2.35 | - | 2.35 | 0.02 | 0.17 | 2.18 |
| | 12th month | 2.18 | - | 2.18 | 0.02 | 0.17 | 2.02 |
| | | | | | **0.34** | **2.02** | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **5th** | Opening Balance | | | | | | |
| | 1st month | 2.02 | - | 2.02 | 0.02 | 0.17 | 1.85 |
| | 2nd month | 1.85 | - | 1.85 | 0.02 | 0.17 | 1.68 |
| | 3rd month | 1.68 | - | 1.68 | 0.02 | 0.17 | 1.51 |
| | 4th month | 1.51 | - | 1.51 | 0.01 | 0.17 | 1.34 |
| | 5th month | 1.34 | - | 1.34 | 0.01 | 0.17 | 1.18 |
| | 6th month | 1.18 | - | 1.18 | 0.01 | 0.17 | 1.01 |
| | 7th month | 1.01 | - | 1.01 | 0.01 | 0.17 | 0.84 |
| | 8th month | 0.84 | - | 0.84 | 0.01 | 0.17 | 0.67 |
| | 9th month | 0.67 | - | 0.67 | 0.01 | 0.17 | 0.50 |
| | 10th month | 0.50 | - | 0.50 | 0.00 | 0.17 | 0.34 |
| | 11th month | 0.34 | - | 0.34 | 0.00 | 0.17 | 0.17 |
| | 12th month | 0.17 | - | 0.17 | 0.00 | 0.17 | - |
| | | | | | **0.12** | **2.02** | |

| | | |
|---|---|---|
| DOOR TO DOOR | 60 | MONTHS |
| MORATORIUM PERIOD | 6 | MONTHS |
| REPAYMENT PERIOD | 54 | MONTHS |

## 5.13 Break Even Point Analysis

| | | | | | |
|---|---|---|---|---|---|
| **BREAK EVEN POINT ANALYSIS** | | | | | |
| **Year** | **I** | **II** | **III** | **IV** | **V** |
| | | | | | |
| **Net Sales & Other Income** | 58.00 | 69.09 | 78.98 | 90.25 | 102.24 |
| Less : Op. WIP Goods | - | 1.52 | 1.72 | 1.92 | 2.14 |
| Add : Cl. WIP Goods | 1.52 | 1.72 | 1.92 | 2.14 | 2.38 |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Total Sales** | **59.52** | **69.28** | **79.19** | **90.47** | **102.47** |
| | | | | | |
| **Variable & Semi Variable Exp.** | | | | | |
| Raw Material Consumed | 25.20 | 29.04 | 33.12 | 37.44 | 42.00 |
| Electricity Exp/Coal Consumption at 85% | 1.43 | 1.64 | 1.89 | 2.17 | 2.39 |
| Wages & Salary at 60% | 9.36 | 10.30 | 11.33 | 12.46 | 13.70 |
| Selling & administrative Expenses 80% | 2.32 | 2.76 | 3.16 | 3.61 | 4.09 |
| Interest on working Capital | 0.5456 | 0.5456 | 0.5456 | 0.5456 | 0.5456 |
| Repair & maintenance | 0.58 | 0.69 | 0.79 | 0.90 | 1.02 |
| Packaging | 4.35 | 5.18 | 5.92 | 6.77 | 7.67 |
| **Total Variable & Semi Variable Exp** | **43.78** | **50.16** | **56.75** | **63.90** | **71.42** |
| **Contribution** | **15.74** | **19.12** | **22.43** | **26.58** | **31.06** |
| | | | | | |
| **Fixed & Semi Fixed Expenses** | | | | | |
| Electricity Exp/Coal Consumption at 15% | 0.25 | 0.29 | 0.33 | 0.38 | 0.42 |
| Wages & Salary at 40% | 6.24 | 6.86 | 7.55 | 8.31 | 9.14 |
| Interest on Term Loan | 0.89 | 0.79 | 0.56 | 0.34 | 0.12 |
| Depreciation | 2.43 | 2.07 | 1.76 | 1.50 | 1.28 |
| Selling & administrative Expenses 20% | 0.58 | 0.69 | 0.79 | 0.90 | 1.02 |
| Rent | 1.80 | 1.98 | 2.18 | 2.40 | 2.64 |
| **Total Fixed Expenses** | **12.19** | **12.68** | **13.18** | **13.83** | **14.62** |
| | | | | | |
| **Capacity Utilization** | **50%** | **55%** | **60%** | **65%** | **70%** |
| **OPERATING PROFIT** | **3.54** | **6.44** | **9.25** | **12.74** | **16.44** |
| **BREAK EVEN POINT** | **39%** | **36%** | **35%** | **34%** | **33%** |
| **BREAK EVEN SALES** | **46.12** | **45.94** | **46.52** | **47.09** | **48.23** |
| | | | | | |

## 6. LICENSE & APPROVALS

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

## 7. ASSUMPTIONS

1. Production Capacity of Gajak is 400 kg per day. First year, Capacity has been taken @ 50%.

2. Working shift of 8 hours per day has been considered.

3. Raw Material stock is for 20 days and Finished goods Closing Stock has been taken for 10 days.

4. Credit period to Sundry Debtors has been given for 15 days.

5. Credit period by the Sundry Creditors has been provided for 7 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 7 KW.

10. Increase in sales and raw material costing has been taken @ 5% on a yearly basis.

# Limitations of the Model DPR and Guidelines for Entrepreneurs

## Limitations of the Model DPR

i. This model DPR has provided only the basic standard components and methodology to be adopted by an entrepreneur while submitting a proposal under the Formalization of Micro Food Processing Enterprises Scheme of MoFPI.

ii. This is a model DPR made to provide general methodological structure not for specific entrepreneur/crops/location. Therefore, information on the entrepreneur, forms and structure (proprietorship/partnership/cooperative/ FPC/joint stock company) of his business, details of proposed DPR, project location, raw material base/contract sourcing, entrepreneurs own SWOT analysis, detailed market research, rationale of the project for specific location, community advantage/benefit from the project, employment generation and many more detailed aspects not included.

iii. The present DPR is based on certain assumptions on cost, prices, interest, capacity utilization, output recovery rate and so on. However, these assumptions in reality may vary across places, markets and situations; thus the resultant calculations will also change accordingly.