

PROJECT REPORT

Of

MUFFINS MAKING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Muffins 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 : xxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxx State: xxxxxxxx
- Mobile xxxxxx
- 5 Product and By Product : **MUFFINS**
- 6 Name of the project / business activity proposed : **MUFFINS MAKING UNIT**
- 7 Cost of Project : Rs.22.91 Lakhs
- 8 Means of Finance
- Term Loan Rs.17.62 Lakhs
- Own Capital Rs.2.29 Lakhs
- Working capital Rs.3 Lakhs
- 9 Debt Service Coverage Ratio : 2.58
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 23%
- 13 Employment : 8 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Flour, milk, Vegetable oil, Sugar, salt, baking powder, butter paper
- 16 Estimated Annual Sales Turnover (Max Capacity) : 109.06 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

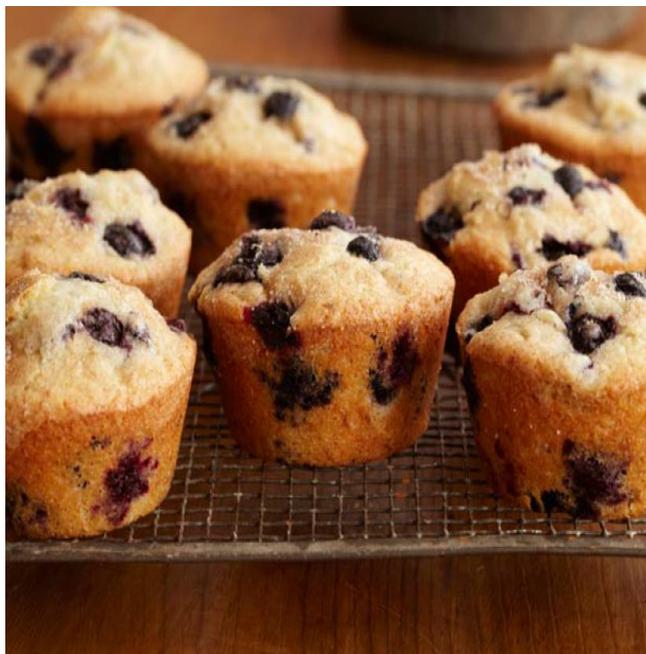
Particulars	Amount
	Own/Rented
Land	
Building /Shed 1000 Sq ft	5.00
Plant & Machinery	13.08
Furniture & Fixtures	1.50
Working Capital	3.33
Total	22.91

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.29
Working Capital(Finance)	3.00
Term Loan	17.62
Total	22.91

MUFFINS

Introduction: A muffin is a chemically-leavened, batter-based bakery product. Its formulation is somewhere in between a low-ratio cake and quick bread. Muffin batter is typically deposited or placed into deep, small cup-shaped pan before baking. This gives the finished product a special “cupcake” or “mushroom-like” shape. A muffin is an individual-sized, baked product. It can refer to two distinct items, a part-raised flatbread that is baked and then cooked on a griddle. A muffin is significantly heavier in texture and also in weight; with its cohesiveness, it can contain fruit, nuts or chocolate chips, which are not common in cupcakes. It need not be particularly sweet. The origin of muffins appears to be unclear and greatly depends on who and where the question is asked. The ones consumed in the UK have been traditionally known as English muffins. However, these differ from the popular muffins that are consumed in the U.S., South America and other regions of the world. Muffins have become a very popular alternative to the breakfast Danish and doughnut. They have gained acceptance as snack items in between meals, as desserts and even dinner additions.



Characteristics of muffins

1. Moist crumb
2. Chewy texture
3. Uneven crumb grain with holes or tunnels throughout
4. Peaked (bell-type) or flat tops

Muffins Market Analysis A muffin is a baked snack that can be sweet or savory. It is similar to cupcakes or mini cakes in appearance. The difference is that muffins are available in two tastes whereas cupcakes are only sweet and generally decorated with cream and other items. Over the next five years the Muffins market will register a 2.6% CAGR in terms of revenue, the global market size will reach US\$ 8284.1 million by 2024, from US\$ 7471.6 million in 2020.

Description of Machinery & Equipment Following machineries are required for manufacturing of Muffins:

1. Planetary Mixer 50 KG capacity
2. Automatic Depositor: 50 KG per hour
3. Rotary Rack oven
4. Semi-automatic packaging machine
5. Aluminium Dies and moulds: standard Muffins pan (2 ¾ inch top diameter, 2 inch base, with 1 ½ inch depth).

Cost of Machines:

S No.	Machine	Unit	Price
1.	Planetary mixer(50kg/hr)	1	80000
2.	Automatic depositor machine(30 strokes/min)	1	550000
3.	Rotary rack oven(50 kg/hr)	1	400000
4.	Semi-automatic packaging machine	1	260000
5.	Dies		18000

Manufacturing process of muffins They are the meeting point between bread and cakes. As with cakes, the type of flour, baking powder and batter consistency greatly affect product characteristics. The following is a formulation process of muffins:

- Scaling of the ingredients
- Mixing (batter mixing using the muffin method)
- Combine all dry ingredients & then Combine all liquid ingredients
- Add liquids to dry ingredients and mix with the help of mixture at low speed to form a homogeneous batter.
- Add inclusions and incorporate gently into batter to prevent them from breaking and releasing juices (Batter should be immediately processed to avoid loss of carbon dioxide gas that may cause poor volume in the finished product)
- Put all the mixed batter into the hopper.
- Start machine & the material starts come into the die with the help of filling machine in the form of drops.
- After automatic filling of 2/3rd of die with material it will go to the baking section.
- After baking dies are removed from the bake muffins and sent it to the packaging section.
- In the packaging section, muffins flows in a horizontal line and packaging starts in small pouch.
- After pouch packaging, product is ready to be sold in market.

Raw Material requirement: Basic raw material are as follows:

1. Flour
2. Milk
3. Vegetable oil
4. Sugar
5. Salt
6. Baking powder
7. Butter Paper

Area:

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and auxiliary like Generator setup. Also some of the area of building is required for office staff facilities, documentation, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1000 to 1200Sqft. Civil work will cost around 5 Lac (approx.)

Power Requirement –The power consumption required to run all the machinery could be approximated as 30 hp.

Manpower Requirement- There are requirement of skilled machine operators to run the machine set. Experience quality engineers are required for desired quality control. Some helpers are also required to transfer the material from one work station to other. Office staffs are required to maintain the documentation. The approximate manpower required is 8 including 1 Supervisor, 1 Plant operator, 1 unskilled worker, 1 Helper and security Guard each. 3 Skilled worker including Accountant, Manager and sales personal each.

Approvals & Registration Requirement:

Basic registration required in this project:

- GST Registration
- Udyog Aadhar Registration (Optional)
- Choice of a Brand Name of the product and secure the name with Trademark if require
- FSSAI Licence

Bank Term Loan: Rate of Interest is assumed to be at 11%

Depreciation: Depreciation has been calculated as per the Provisions of Income Tax Act, 1961

Implementation Schedule:

S No.	Activity	Time required
1.	Acquisition of premises	1-2 Months
2.	Procurement & installation of Plant & Machinery	1-2 Months
3.	Arrangement of Finance	1.5-2 Months
4.	Requirement of required Manpower	1 Month
5.	Commercial Trial Runs	1 Month
	Total time Required (some activities shall run concurrently)	5-6 Months

FINANCIALS

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.29	-			
Reserve & Surplus	5.65	10.53	12.45	14.27	16.05
Depriciation & Exp. W/off	2.61	2.25	1.94	1.68	1.45
Increase In Cash Credit	3.00				
Increase In Term Loan	17.62	-	-	-	-
Increase in Creditors	1.52	0.25	0.18	0.18	0.18
TOTAL :	32.69	13.03	14.57	16.13	17.68
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	19.58	-	-	-	-
Increase in Stock	1.75	0.32	0.21	0.21	0.21
Increase in Debtors	3.45	0.74	0.42	0.42	0.42
Repayment of Term Loan	1.96	3.92	3.92	3.92	3.92
Taxation	1.41	2.63	3.11	3.57	4.01
Drawings	4.00	5.00	6.00	7.00	8.00
TOTAL :	32.15	12.61	13.66	15.11	16.56
Opening Cash & Bank Balance	-	0.53	0.95	1.87	2.89
Add : Surplus	0.53	0.42	0.92	1.02	1.12
Closing Cash & Bank Balance	0.53	0.95	1.87	2.89	4.01

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	2.53	5.42	8.76	12.46
Add: Additions	2.29	-	-	-	-
Add: Net Profit	4.24	7.90	9.34	10.70	12.04
Less: Drawings	4.00	5.00	6.00	7.00	8.00
Closing Balance	2.53	5.42	8.76	12.46	16.50
CC Limit	3.00	3.00	3.00	3.00	3.00
Term Loan	15.66	11.75	7.83	3.92	-
Sundry Creditors	1.52	1.77	1.94	2.12	2.30
TOTAL :	22.70	21.94	21.54	21.50	21.80
APPLICATION OF FUND					
Fixed Assets (Gross)	19.58	19.58	19.58	19.58	19.58
Gross Dep.	2.61	4.86	6.81	8.49	9.94
Net Fixed Assets	16.97	14.72	12.77	11.09	9.64
Current Assets					
Sundry Debtors	3.45	4.19	4.61	5.03	5.45
Stock in Hand	1.75	2.07	2.28	2.49	2.70
Cash and Bank	0.53	0.95	1.87	2.89	4.01
TOTAL :	22.70	21.94	21.54	21.50	21.80

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	69.03	83.86	92.26	100.66	109.06
Total (A)	69.03	83.86	92.26	100.66	109.06
B) COST OF SALES					
Raw Material Consumed	45.45	53.03	58.33	63.63	68.93
Electricity Expenses	2.05	2.28	2.51	2.74	2.97
Repair & Maintenance	2.76	3.35	2.77	3.02	3.27
Labour & Wages	4.79	5.08	5.58	6.14	6.76
Depreciation	2.61	2.25	1.94	1.68	1.45
Cost of Production	57.67	65.99	71.13	77.21	83.38
Add: Opening Stock /WIP	-	0.99	1.19	1.31	1.43
Less: Closing Stock /WIP	0.99	1.19	1.31	1.43	1.55
Cost of Sales (B)	56.67	65.80	71.01	77.09	83.26
C) GROSS PROFIT (A-B)	12.36	18.06	21.25	23.57	25.80
	17.90%	21.54%	23.03%	23.41%	23.66%
D) Bank Interest (Term Loan)	1.91	1.56	1.13	0.70	0.27
ii) Interest On Working Capital	0.33	0.33	0.33	0.33	0.33
E) Salary to Staff	3.78	3.97	4.56	5.25	5.88
F) Selling & Adm Expenses Exp.	0.69	1.68	2.77	3.02	3.27
TOTAL (D+E)	6.71	7.54	8.79	9.30	9.75
H) NET PROFIT	5.65	10.53	12.45	14.27	16.05
	8.2%	12.6%	13.5%	14.2%	14.7%
I) Taxation	1.41	2.63	3.11	3.57	4.01
J) PROFIT (After Tax)	4.24	7.90	9.34	10.70	12.04
Raw Material Consumed	Capacity		Amount (Rs.)		
	Utilisation				
I	45%		45.45		
II	50%		53.03	5% Increase in Cost	
III	55%		58.33	5% Increase in Cost	
IV	60%		63.63	5% Increase in Cost	
V	65%		68.93	5% Increase in Cost	

COMPUTATION OF MAKING OF MUFFINS			
Item to be Manufactured Muffins			
Manufacturing Capacity per day		200	kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		60,000	kg
Total Production per Annum		24,00,000	Packet of 25 gm
Year		Capacity Utilisation	MUFFINS
I		45%	10,80,000.00
II		50%	12,00,000.00
III		55%	13,20,000.00
IV		60%	14,40,000.00
V		65%	15,60,000.00

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
Flour	36,000.00	kg	40	14,40,000.00
Milk	20,000.00	Ltr	50	10,00,000.00
Sugar	10,000.00	kg	40	4,00,000.00
Salt	8,000.00	kg	20	1,60,000.00
Vegetable Oil	60,000.00	Ltr.	110	66,00,000.00
Baking powder & butter paper				5,00,000.00
Total				1,01,00,000.00
Total Raw material in Rs lacs				101.00

COMPUTATION OF SALE

Particulars	I	II	III	IV	V
Op Stock	-	18,000.00	20,000.00	22,000.00	24,000.00
Production	10,80,000.00	12,00,000.00	13,20,000.00	14,40,000.00	15,60,000.00
	10,80,000.00	12,18,000.00	13,40,000.00	14,62,000.00	15,84,000.00
Less : Closing Stock(5 Days)	18,000.00	20,000.00	22,000.00	24,000.00	26,000.00
Net Sale	10,62,000.00	11,98,000.00	13,18,000.00	14,38,000.00	15,58,000.00
Sale Price per 100 ml tube	6.50	7.00	7.00	7.00	7.00
Sale (in Lacs)	69.03	83.86	92.26	100.66	109.06

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(5 Days requirement)	0.99	1.19	1.31	1.43	1.55
Raw Material					
(5 Days requirement)	0.76	0.88	0.97	1.06	1.15
Closing Stock	1.75	2.07	2.28	2.49	2.70

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	1.75		
Less:			
Sundry Creditors	1.52		
Paid Stock	0.24	0.02	0.21
Sundry Debtors	3.45	0.35	3.11
Working Capital Requirement			3.32
Margin			0.37
MPBF			3.32
Working Capital Demand			3.00

BREAK UP OF LABOUR				
Particulars	Wages	No of	Total	
	Per Month	Employees	Salary	
Supervisor	12,000.00	1	12,000.00	
Plant Operator	10,000.00	1	10,000.00	
Unskilled Worker	6,000.00	1	6,000.00	
Helper	4,000.00	1	4,000.00	
Security Guard	6,000.00	1	6,000.00	
			38,000.00	
Add: 5% Fringe Benefit			1,900.00	
Total Labour Cost Per Month			39,900.00	
Total Labour Cost for the year (In Rs. Lakhs)		5	4.79	

BREAK UP OF SALARY				
Particulars	Salary	No of	Total	
	Per Month	Employees	Salary	
Manager	12,000.00	1	12,000.00	
Accountant cum store keeper	10,000.00	1	10,000.00	
Sales	8,000.00	1	8,000.00	
Total Salary Per Month			30,000.00	
			1,500.00	
Add: 5% Fringe Benefit			1,500.00	
Total Salary for the month			31,500.00	
Total Salary for the year (In Rs. Lakhs)		3	3.78	

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	5.00	13.08	1.50	19.58
	-	5.00	13.08	1.50	19.58
		-	-	-	
TOTAL		5.00	13.08	1.50	19.58
Less : Depreciation	-	0.50	1.96	0.15	2.61
WDV at end of Ist year	-	4.50	11.12	1.35	16.97
Additions During The Year	-	-	-	-	-
	-	4.50	11.12	1.35	16.97
Less : Depreciation	-	0.45	1.67	0.14	2.25
WDV at end of IInd Year	-	4.05	9.45	1.22	14.72
Additions During The Year	-	-	-	-	-
	-	4.05	9.45	1.22	14.72
Less : Depreciation	-	0.41	1.42	0.12	1.94
WDV at end of IIIrd year	-	3.65	8.03	1.09	12.77
Additions During The Year	-	-	-	-	-
	-	3.65	8.03	1.09	12.77
Less : Depreciation	-	0.36	1.20	0.11	1.68
WDV at end of IV year	-	3.28	6.83	0.98	11.09
Additions During The Year	-	-	-	-	-
	-	3.28	6.83	0.98	11.09
Less : Depreciation	-	0.33	1.02	0.10	1.45
WDV at end of Vth year	-	2.95	5.80	0.89	9.64

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	17.62	-	17.62	0.48	-	17.62
	IInd Quarter	17.62	-	17.62	0.48	-	17.62
	IIIRD Quarter	17.62	-	17.62	0.48	0.98	16.64
	Ivth Quarter	16.64	-	16.64	0.46	0.98	15.66
					1.91	1.96	
II	Opening Balance						
	Ist Quarter	15.66	-	15.66	0.43	0.98	14.68
	IInd Quarter	14.68	-	14.68	0.40	0.98	13.70
	IIIRD Quarter	13.70	-	13.70	0.38	0.98	12.73
	Ivth Quarter	12.73		12.73	0.35	0.98	11.75
					1.56	3.92	
III	Opening Balance						
	Ist Quarter	11.75	-	11.75	0.32	0.98	10.77
	IInd Quarter	10.77	-	10.77	0.30	0.98	9.79
	IIIRD Quarter	9.79	-	9.79	0.27	0.98	8.81
	Ivth Quarter	8.81		8.81	0.24	0.98	7.83
					1.13	3.92	
IV	Opening Balance						
	Ist Quarter	7.83	-	7.83	0.22	0.98	6.85
	IInd Quarter	6.85	-	6.85	0.19	0.98	5.87
	IIIRD Quarter	5.87	-	5.87	0.16	0.98	4.89
	Ivth Quarter	4.89		4.89	0.13	0.98	3.92
					0.70	3.92	
V	Opening Balance						
	Ist Quarter	3.92	-	3.92	0.11	0.98	2.94
	IInd Quarter	2.94	-	2.94	0.08	0.98	1.96
	IIIRD Quarter	1.96	-	1.96	0.05	0.98	0.98
	Ivth Quarter	0.98		0.98	0.03	0.98	- 0.00
					0.27	3.92	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

CALCULATION OF D.S.C.R					
PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	6.85	10.15	11.28	12.38	13.49
Interest on Term Loan	1.91	1.56	1.13	0.70	0.27
Total	8.76	11.71	12.41	13.08	13.76
REPAYMENT					
Repayment of Term Loan	1.96	3.92	3.92	3.92	3.92
Interest on Term Loan	1.91	1.56	1.13	0.70	0.27
Total	3.87	5.48	5.05	4.62	4.18
DEBT SERVICE COVERAGE RATIO	2.26	2.14	2.46	2.83	3.29
AVERAGE D.S.C.R.			2.58		

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	30	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				4,02,840.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
No. of Working Days			300	days
No of Working Hours			0.3	Hour per day
Total no of Hour			90	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			720	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			0.47	
Add : Lube Cost @15%			0.07	
Total			0.54	
Total cost of Power & Fuel at 100%				4.57
	Year	Capacity		Amount
				(in Lacs)
	I	45%		2.05
	II	50%		2.28
	III	55%		2.51
	IV	60%		2.74
	V	65%		2.97

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