

PROJECT REPORT FOR  
**FLOUR MILLS**



**PROMOTER:**

MR.XXXXXXXXXXXXXXXXXXXXXX

**ADDRESS-** XXXXXXXXXXXXXXXXXXXXXXXX

**PREPARED BY:**

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Project For:  
**Flour Mills**

## I. PROJECT AT A GLANCE

1. About the Promoter : MR. xxxxxxxxxxxxxxxxxxxxxxxxx  
Address-xxxxxxxxxxxxxxxxxxxxxx  
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2. Project Cost : Rs. 120.78 Lakhs
3. Mean of Finance
  - A) T. L. facility from Bank : Rs. 42.50 Lakhs
  - B) Beneficiary contribution : Rs. 60.39 Lakhs
  - C) C.C. Facility from Bank : Rs. 17.89 Lakhs
4. Rate of Interest : 12.00% Per Annum
5. Repayment :60 monthly installments, EMI @ 0.95 Lakhs
6. Nature of Project : Flour Mill
7. Employment Potential : 5 Nos.
8. Nature of the Firm :Partnership Firm
9. Average Debt Coverage ratios : **2.35**

## **II. ABOUT THE PROJECT**

Flour is one of the staple and basic foods to Indians not only that, it is basic food ingredients for all lives in the world. Due to electrification in Rural Life, there has been a shift from Hand Operated Atta Chakki to power operated Flour Mill. Use of power operated flour mill in rural areas for grinding of cereals have become common. The power chakki is having very good potential from the public. An individual can able to establish the power chakki in a small area. The workshed can be arranged by the individual in a rented/own premises. The project can create employment& as well as livelihood opportunity in the rural.

### **Market Potential**

Raw material is available in and around the country side. People looking for quality food material are residing everywhere. There is enough market potential for standardized food products.

Whole wheat flour is used in making Chapaties, Puries, Parotha and other roasted cereal based products. Sooji / Rava is used in many sweetmeat products. Wheat flour or Maida is a basic raw material for making Bread, Biscuits Cakes and other bakery products. Bran separated on milling is used as cattle feed. The products sold under brand names are very few. The concept for branded cereal flour products is now increasing.

### **Raw Material Requirments**

Basic raw materials required are Wheat Blended of different types. For packing, gunny bags will be required.

### **Manufacturing Process**

Firstly, wheat is thoroughly cleaned such that all dust particles, stones and other foreign matters will be removed. Clean wheat will be tempered before grinding by treating with water so that the bran is separated from the endosperm. The tempered wheat is crushed between corrugated rollers (Break rolls). The first break rolls are set relatively far apart to grind the wheat lightly, while successive break yield finer and finer products. The first

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**Flour Mills**

break is separated by sieving or bolting in to very fine particles (flour), intermediate particles (middling) and coarse particles (stock). The stock is then sent to second break rolls. This process may continue through 5 to 6 breaks. The stock contains pieces of endosperm and bran and the stock from the last break is principally bran. The middling contains endosperm, bran and germ which are then successively classified and some of the bran removed is sent to reduction rollers. These are smooth rollers, but like the break rolls they are graduated so that successive reduction becomes finer and finer. After each reduction, sifters separate the flour, middling and stock, this process is continued until most of the endosperm has been removed as flour and most of the bran has been separated in the sifters.

Project For :

**ALI MILLS**

### III. ECONOMICS OF THE PROJECT

#### A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Land	20.00	0.00	20.00
2	Building	11.50	0.00	11.50
3	Plant & Machinery	47.50	0.00	47.50
4	Furniture & Electrical Installations	1.00	0.00	1.00
5	Other Assets including Preliminary / Pre-operative expenses	5.00	0.00	5.00
6	Working Capital	35.78	0.00	35.78
		<b>120.78</b>	<b>0.00</b>	<b>120.78</b>

#### Means of Finance :

a) Own Contribution (50%)	60.39
b) T L facility from Bank (50%)	42.50
c) C.C. Facility from Bank (50%)	17.89

**120.78**

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## B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Sales	198.87	238.64	278.42	298.30	318.19	357.96
	Add : Increase in Cl.Stock	27.49	17.99	20.35	20.12	21.37	25.32
	Total Turnover	226.36	256.64	298.77	318.42	339.56	383.28
2	RM Consumption	161.16	193.39	225.63	241.74	257.86	290.09
3	Overheads						
	a) Direct	19.95	25.12	28.81	31.02	33.29	37.10
	b) Indirect	4.88	5.36	5.90	6.43	7.01	7.64
4	Balance	40.37	32.76	38.43	39.24	41.41	48.45
5	Interest on TL & CC	7.25	6.41	5.47	4.41	3.21	2.50
6	Depreciation	8.95	7.61	6.48	5.51	4.69	3.99
7	Preliminary expenses W/off	1.00	1.00	1.00	1.00	1.00	-
8	Profit after Interest & Dep.	23.17	17.73	25.48	28.33	32.51	41.96
9	Income Tax	5.15	3.52	5.84	6.70	7.95	10.79
10	<b>Profit after Tax</b>	<b>18.02</b>	<b>14.21</b>	<b>19.64</b>	<b>21.63</b>	<b>24.56</b>	<b>31.17</b>
11	Add: Depreciation & Pre Exp.	9.95	8.61	7.48	6.51	5.69	3.99
12	Add : Interest on TL	7.25	6.41	5.47	4.41	3.21	2.50
13	Cash Accruals	35.22	29.24	32.58	32.54	33.45	37.66
14	Instalments of TL & Interest	13.85	13.85	13.85	13.85	13.85	2.50
15	DSCR	2.54	2.11	2.35	2.35	2.42	-
16	Average DSCR	2.35					
17	N.P. to Total receipts	9.06	5.96	7.05	7.25	7.72	8.71

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### C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>A CASH INFLOW :</b>							
1	Collection from Debtors	190.58	228.70	266.82	285.87	304.93	343.05
2	T.L. from Bank	42.50					
3	CC from bank	17.89					
4	Capital	60.39	-	-	-	-	-
	<b>TOTAL (A)</b>	<b>311.36</b>	<b>228.70</b>	<b>266.82</b>	<b>285.87</b>	<b>304.93</b>	<b>343.05</b>
<b>B CASH OUTFLOW :</b>							
1	Fixed Assets	85.00			-		
2	Payments to creditors	134.30	161.16	188.02	201.45	214.88	241.74
3	Direct overheads	19.95	25.12	28.81	31.02	33.29	37.10
4	Indirect Overheads	4.88	5.36	5.90	6.43	7.01	7.64
5	Interest on Bank Loan	7.25	6.41	5.47	4.41	3.21	2.50
6	Income Tax	5.15	3.52	5.84	6.70	7.95	10.79
7	Term Loan Repayment	6.60	7.44	8.38	9.44	10.64	-
8	Drawings	5.00	5.50	6.05	6.66	7.32	8.05
	<b>TOTAL (B)</b>	<b>268.13</b>	<b>214.52</b>	<b>248.48</b>	<b>266.10</b>	<b>284.30</b>	<b>307.83</b>
<b>SUMMERY:</b>							
	Op. Cash & Bank Balance.	-	43.23	57.41	75.75	95.53	116.16
	Add : Surplus / (Deficit)	43.23	14.18	18.34	19.78	20.63	35.22
	Cl. Cash & Bank Balance.	43.23	57.41	75.75	95.53	116.16	151.38



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**D. BALANCE SHEET**

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>A</b>	<b>ASSETS :</b>						
1	Fixed Assets	71.05	63.44	56.96	51.45	46.77	42.78
2	Investments	-	-	-	-	-	-
3	Current Assets	79.01	121.13	171.41	223.74	279.00	354.45
4	Loans & Advances	-	-	-	-	-	-
5	Pre Exp. Not written off	4.00	3.00	2.00	1.00	-	-
	<b>TOTAL (A)</b>	<b>154.06</b>	<b>187.56</b>	<b>230.38</b>	<b>276.20</b>	<b>325.77</b>	<b>397.24</b>
<b>B</b>	<b>LIABILITIES:</b>						
1	Capital	73.41	82.12	95.71	110.68	127.92	151.04
2	Secured loans						
	Term Loan	35.90	28.46	20.08	10.64	0.00	-
3	Unsecured Loans	-	-	-	-	-	-
4	Current Liabilities						
	Cash Credit	17.89	17.89	17.89	17.89	17.89	17.89
	Sundry Creditors	26.86	59.09	96.70	136.99	179.96	228.31
	<b>TOTAL (B)</b>	<b>154.06</b>	<b>187.56</b>	<b>230.38</b>	<b>276.20</b>	<b>325.77</b>	<b>397.24</b>

Project For :  
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(Rs. Lacs)

**E. CAPITAL ACCOUNT**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Op. Balance	-	73.41	82.12	95.71	110.68	127.92
2	Additions	60.39	-	-	-	-	-
3	Net Profit for the year.	18.02	14.21	19.64	21.63	24.56	31.17
	Sub Total	78.41	87.62	101.76	117.34	135.24	159.09
4	Less : Drawings	5.00	5.50	6.05	6.66	7.32	8.05
5	Cl. Balance	73.41	82.12	95.71	110.68	127.92	151.04

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(Rs. Lacs)

### F. PRODUCTION AND SALES

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	<b>Capacity utilisation</b>	<b>0.50</b>	<b>0.60</b>	<b>0.70</b>	<b>0.75</b>	<b>0.80</b>	<b>0.90</b>
1	Production per annum (MT) Production of Flour ( Atta)	620	744	868	930	992	1,116
2	Cl.Stock of Finished Goods (MT) Production of Flour ( Atta)	51.65	61.99	72.32	77.48	82.65	92.98
3	Sales per annum (MT) (Tot Production less Cl. Stock) Production of Flour ( Atta)	568.20	681.84	795.47	852.29	909.11	1,022.75
4	Sales per annum Production of Flour ( Atta) Selling Price @ Rs. 35 per Kg.	198.87	238.64	278.42	298.30	318.19	357.96
	Total Sale	<u>198.87</u>	<u>238.64</u>	<u>278.42</u>	<u>298.30</u>	<u>318.19</u>	<u>357.96</u>
5	Sundry Debtors (Credit period allowed 15 days)	8.29	9.94	11.60	12.43	13.26	14.92
6	Collection from Debtors	190.58	228.70	266.82	285.87	304.93	343.05
7	Total cost of Production	181.11	218.52	254.44	272.76	291.14	327.19
8	Cost per MT	0.29	0.29	0.29	0.29	0.29	0.29
9	Value of Closing Stock	15.09	18.21	21.20	22.73	24.26	27.27

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**PRODUCTION**

S.No.	Particulars	Installed capacity (MT)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Production of Flour ( Atta)	1,240	620	744	868	930	992	1,116

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Installed Capacity Kg/ Hrs	550.00
Per Day Working Hours	8.00
Less: Lunch Hours	1.00
Net	<u>7.00</u>
Total Production per day	3.85 MT
Total production per annum	1,239.70 MT

Total Working Days	365.00
Weekly off	26.00
Holidays	7.00
Machine Break down	10.00
Net Working days	<u>43.00</u> <u>322.00</u>

Project For :

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(Rs. Lacs)

**G. RAW MATERIAL CONSUMPTION AND INVENTORY**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Production (MT) ( Output)	620	744	868	930	992	1,116
2	RM Purchases	148.76	178.52	208.27	223.15	238.02	267.78

**Raw Material requirement ( Input)**

S.No.	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Grains (MT)	620	744	868	930	992	1,116
2	Purchase Price of Grains per MT	0.24	0.24	0.24	0.24	0.24	0.24
3	Total cost of R.M	148.76	178.52	208.27	223.15	238.02	267.78

Project For :

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(Rs. Lacs)

**RAW MATERIAL CONSUMPTION AND INVENTORY**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	RM cost for total production	148.76	178.52	208.27	223.15	238.02	267.78
2	Cl. Stock of RM ( assumed 30 days consumption)						
	O/p Stock	-	12.40	27.27	44.63	63.22	83.06
	Add : Addition	12.40	14.88	17.36	18.60	19.84	22.31
	Closing Stock	12.40	27.27	44.63	63.22	83.06	105.37
3	RM Purchases	161.16	193.39	225.63	241.74	257.86	290.09
4	Sundry Creditors (Credit period allowed 60 days)	26.86	32.23	37.60	40.29	42.98	48.35
5	Payment to creditors	134.30	161.16	188.02	201.45	214.88	241.74

Project For :  
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(Rs. Lacs)

**H. DIRECT OVERHEADS**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Staff						
a	Manager 1 no. @ Rs. 12,000 per month	1.44	1.58	1.74	1.92	2.11	2.32
b	Labour Skilled labour 4 no.@ Rs. 8,000 per month	3.84	4.22	4.65	5.11	5.62	6.18
2	Power and Fule ( 0.07 MT/ hrs * Rs 50)	3.87	6.51	7.59	8.14	8.68	9.76
3	Packing and forwarding Expenses ( Rs.1500 per MT)	9.30	11.16	13.02	13.95	14.88	16.74
4	Other Production Overheads	1.50	1.65	1.82	1.91	2.00	2.10
	Total	19.95	25.12	28.81	31.02	33.29	37.10

Project For :

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(Rs. Lacs)

**I. INDIRECT OVERHEADS**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Advertisement & Marketing	1.50	1.65	1.82	2.00	2.20	2.42
2	Repairs & Maint. ( 5% of machinery cost)	2.38	2.61	2.87	3.16	3.48	3.82
3	Admin. Expenses	0.50	0.55	0.61	0.64	0.67	0.70
4	Misc. Expenses	0.50	0.55	0.61	0.64	0.67	0.70
		<u>4.88</u>	<u>5.36</u>	<u>5.90</u>	<u>6.43</u>	<u>7.01</u>	<u>7.64</u>



Project For :

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(Rs. Lacs)

**J. TERM LOAN REPAYMENT AND INTEREST THEREON**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	TL / Op. Bal.	42.50	35.90	28.46	20.08	10.64	-
2	Repayment during the year	6.60	7.44	8.38	9.44	10.64	-
3	Cl. Balance	35.90	28.46	20.08	10.64	0.00	-
4	Interest at 12 per cent p.a.	4.74	3.91	2.96	1.90	0.70	-
5	Total repayment with Interest	13.85	13.85	13.85	13.85	13.85	2.50
6	Interest on CC ( at 14 per cent p.a.)	2.50	2.50	2.50	2.50	2.50	2.50
	Total Interest	7.25	6.41	5.47	4.41	3.21	2.50

**Term Loan Repayment Schedule**

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				42.5
1	0.95	0.43	0.52	41.98
2	0.95	0.42	0.53	41.45
3	0.95	0.41	0.53	40.92
4	0.95	0.41	0.54	40.39
5	0.95	0.40	0.54	39.85
6	0.95	0.40	0.55	39.30
7	0.95	0.39	0.55	38.75
8	0.95	0.39	0.56	38.19
9	0.95	0.38	0.56	37.62
10	0.95	0.38	0.57	37.06
11	0.95	0.37	0.57	36.48
12	0.95	0.36	0.58	35.90
<b>First Year</b>	<b>11.34</b>	<b>4.74</b>	<b>6.60</b>	
13	0.95	0.36	0.59	35.31
14	0.95	0.35	0.59	34.72
15	0.95	0.35	0.60	34.12
16	0.95	0.34	0.60	33.52
17	0.95	0.34	0.61	32.91
18	0.95	0.33	0.62	32.29
19	0.95	0.32	0.62	31.67

20	0.95	0.32	0.63	31.04
21	0.95	0.31	0.63	30.41
22	0.95	0.30	0.64	29.77
23	0.95	0.30	0.65	29.12
24	0.95	0.29	0.65	28.46
<b>Second Year</b>	<b>11.34</b>	<b>3.91</b>	<b>7.44</b>	
25	0.95	0.28	0.66	27.80
26	0.95	0.28	0.67	27.14
27	0.95	0.27	0.67	26.46
28	0.95	0.26	0.68	25.78
29	0.95	0.26	0.69	25.09
30	0.95	0.25	0.69	24.40
31	0.95	0.24	0.70	23.70
32	0.95	0.24	0.71	22.99
33	0.95	0.23	0.72	22.27
34	0.95	0.22	0.72	21.55
35	0.95	0.22	0.73	20.82
36	0.95	0.21	0.74	20.08
<b>Third Year</b>	<b>11.34</b>	<b>2.96</b>	<b>8.38</b>	
37	0.95	0.20	0.74	19.34
38	0.95	0.19	0.75	18.59
39	0.95	0.19	0.76	17.83
40	0.95	0.18	0.77	17.06
41	0.95	0.17	0.77	16.29
42	0.95	0.16	0.78	15.50
43	0.95	0.16	0.79	14.71
44	0.95	0.15	0.80	13.91
45	0.95	0.14	0.81	13.11
46	0.95	0.13	0.81	12.29
47	0.95	0.12	0.82	11.47
48	0.95	0.11	0.83	10.64
<b>Fourth Year</b>	<b>11.34</b>	<b>1.90</b>	<b>9.44</b>	
49	0.95	0.11	0.84	9.80
50	0.95	0.10	0.85	8.95
51	0.95	0.09	0.86	8.10
52	0.95	0.08	0.86	7.23
53	0.95	0.07	0.87	6.36
54	0.95	0.06	0.88	5.48
55	0.95	0.05	0.89	4.59
56	0.95	0.05	0.90	3.69
57	0.95	0.04	0.91	2.78
58	0.95	0.03	0.92	1.86
59	0.95	0.02	0.93	0.94
60	0.95	0.01	0.94	0.00
<b>Fifth Year</b>	<b>11.34</b>	<b>0.70</b>	<b>10.64</b>	

Project For :  
**ALI MILLS**

(Rs. Lacs)

**K. WORKING CAPITAL**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Total Inventory	27.49	45.48	65.83	85.95	107.32	132.64
2	Sundry Debtors	8.29	9.94	11.60	12.43	13.26	14.92
	Total	35.78	55.43	77.43	98.38	120.58	147.56
3	Bank C.C. (50 per cent)	17.89	52.66	73.56	93.46	114.55	140.18
4	Own Contribution (50%)	17.89	2.77	3.87	4.92	6.03	7.38

Project For :  
**ALI MILLS**

(Rs. Lacs)

**L. CURRENT ASSETS**

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Cl. Stock of Materials	12.40	27.27	44.63	63.22	83.06	105.37
2	Cl. Stock of Finished Goods	15.09	18.21	21.20	22.73	24.26	27.27
	Total Inventory	<u>27.49</u>	<u>45.48</u>	<u>65.83</u>	<u>85.95</u>	<u>107.32</u>	<u>132.64</u>
3	Cash and bank Balance	43.23	57.41	75.75	95.53	116.16	151.38
4	Sundry Debtors	8.29	18.23	29.83	42.26	55.52	70.43
	Total	<u>79.01</u>	<u>121.13</u>	<u>171.41</u>	<u>223.74</u>	<u>279.00</u>	<u>354.45</u>

Project For :

**ALI MILLS****M. FIXED ASSETS AND DEPRECIATION**

(Rs. Lacs)

S.No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1	Land						
	Op. Balance	-	20.00	20.00	20.00	20.00	20.00
	Additions	20.00	-				
	Total	20.00	20.00	20.00	20.00	20.00	20.00
	Less : Depreciation	-	-	-	-	-	-
	Cl. WDV	20.00	20.00	20.00	20.00	20.00	20.00
2	Building						
	Op. Balance	-	9.78	8.31	7.06	6.00	5.10
	Additions	11.50	-				
	Total	11.50	9.78	8.31	7.06	6.00	5.10
	Less : Depreciation	1.73	1.47	1.25	1.06	0.90	0.77
	Cl. WDV	9.78	8.31	7.06	6.00	5.10	4.34
3	Plant & Machinery						
	Op. Balance	-	40.38	34.32	29.17	24.80	21.08
	Additions	47.50	-				
	Total	47.50	40.38	34.32	29.17	24.80	21.08
	Less : Depreciation	7.13	6.06	5.15	4.38	3.72	3.16
	Cl. WDV	40.38	34.32	29.17	24.80	21.08	17.91
4	Furniture & Electrical Installations						
	Op. Balance	-	0.90	0.81	0.73	0.66	0.59
	Additions	1.00	-				
	Total	1.00	0.90	0.81	0.73	0.66	0.59
	Less : Depreciation	0.10	0.09	0.08	0.07	0.07	0.06
	Cl. WDV	0.90	0.81	0.73	0.66	0.59	0.53
	Total Depreciation	8.95	7.61	6.48	5.51	4.69	3.99
	Cl. WDV	71.05	63.44	56.96	51.45	46.77	42.78