

PROJECT REPORT

Of

PAPAD MAKING

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Papad Making**.

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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxx
- 3 Father / Spouse Name : xxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxx State: xxxxxxxx
- Mobile xxxxxx
- 5 Product and By Product : **PAPAD**
- 6 Name of the project / business activity proposed : **PAPAD MAKING UNIT**
- 7 Cost of Project : Rs.24.5 Lakhs
- 8 Means of Finance
- Term Loan Rs.17.55 Lakhs
- Own Capital Rs.2.45 Lakhs
- Working capital Rs.4.5 Lakhs
- 9 Debt Service Coverage Ratio : 2.81
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 25%
- 13 Employment : 8 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Urad Pulse Flour, Salt, Hing, Water, Sodium Bocarbonate,Oil, Balck Pepper
- 16 Estimated Annual Sales Turnover (Max Capacity) : 184.78 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
	Own/Rented
Land	3.00
Building /Shed 800 Sq ft	15.50
Plant & Machinery	1.00
Furniture & Fixtures	5.00
Working Capital	24.50
Total	24.50

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.45
Working Capital(Finance)	4.50
Term Loan	17.55
Total	24.50

PAPAD MAKING

Introduction: Manufacturing of Papad is one of the traditional activities in the rural area of the country. Papad is one of the very popular and delicious edible item. The product is having very good market demand in the country and also abroad. The word “PAPAD” is quite familiar with Indians. Papad is a common Indian food normally taken with meals. It is essentially a wafer-like product, traditionally circular in shape, made from dough of powdered pulses, spices and salts etc.



Uses & Market Potential: The demand of Papad is increasing day-by-day due to urbanization and improvement in the standards of living of the masses especially in the towns/cities. There is a good potential for good quality products at competitive prices in the Indian market. This is a food item which is good in taste. They are liked by most of the people and the demand for papad is steadily growing across the country.

Raw Material: Basic raw material requirement are as follows:

1. Urad Pulse Flour
2. Salt
3. Sodium Bicarbonate(PapadKhar)
4. Hing
5. Black Pepper
6. Water

7. Oil
8. Packaging Material

Machinery Requirement: Major machinery and equipments are:

S No.	Machine	Unit	Price
1.	Flour Kneading Machine	1 set	70000
2.	Extruder Machine	1 set	85000
3.	Dough Sheeter Machine	1 set	250000
4.	Papad Cutter Machine	1 set	205000
5.	Papad Drier Machine	1 set	400000
6.	Hot Air Generator	1 set	150000
7.	Control Panel Box	1 set	95000
8.	Counting, Stacking & Packing Machine	1 set	250000
9.	Other machine, kitchen tools and equipment		45000
	Total Amount		1550000

Manufacturing Process: All the ingredients are first taken according to their required quantities and thoroughly mixed in dough kneading machine. Required quantity of water is added and the whole content is kneaded at minimum speed to get homogenous lump of dough. After 30 minutes rest, which is provided for dough to set. The Dough is feed to a extruder via hopper and feeder arrangement.

The extruder extrudes the dough sheet of considerable thickness which is pressed to required thickness by a sheeter machine. After required thickness (2 to 2.5 mm) is achieved sheet is feed to cutter machine.

The papad cutting machine cuts the sheet into round shaped and tailing materials are then again fed to the extruder. After round cut of the papad, the papad is sent for sun drying or drying chamber in which hot air at 35 to 40 degree Celsius removes moisture content from papad.

The papad are then packed into the printed plastic packs. The plastic pack may contain about 100 papad or as per market requirement.

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 800 to 1200Sqft. Civil work cost will be around 3 Lac Rs.(Approx.)

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

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 1 Security guard. 3 Skilled worker including Accountant, Manager and Sales person.

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

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 Registration

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	2.45	-			
Reserve & Surplus	5.46	8.22	11.54	17.26	23.40
Depreciation & Exp. W/off	2.73	2.34	2.00	1.72	1.48
Increase In Cash Credit	4.50				
Increase In Term Loan	17.55	-	-	-	-
Increase in Creditors	1.90	0.32	0.22	0.22	0.22
TOTAL :	34.58	10.87	13.77	19.21	25.10
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	19.50	-	-	-	-
Increase in Stock	4.61	0.69	0.65	0.67	0.69
Increase in Debtors	2.59	0.46	0.40	0.42	0.44
Repayment of Term Loan	1.95	3.90	3.90	3.90	3.90
Taxation	0.55	1.64	2.31	5.18	7.02
Drawings	3.50	4.00	6.00	8.00	10.00
TOTAL :	32.69	10.70	13.26	18.17	22.05
Opening Cash & Bank Balance	-	1.89	2.06	2.57	3.61
Add : Surplus	1.89	0.17	0.51	1.04	3.05
Closing Cash & Bank Balance	1.89	2.06	2.57	3.61	6.66

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	3.86	6.44	9.67	13.76
Add: Additions	2.45	-	-	-	-
Add: Net Profit	4.91	6.57	9.24	12.09	16.38
Less: Drawings	3.50	4.00	6.00	8.00	10.00
Closing Balance	3.86	6.44	9.67	13.76	20.13
CC Limit	4.50	4.50	4.50	4.50	4.50
Term Loan	15.60	11.70	7.80	3.90	-
Sundry Creditors	1.90	2.22	2.44	2.66	2.88
TOTAL :	25.86	24.85	24.41	24.82	27.52
APPLICATION OF FUND					
Fixed Assets (Gross)	19.50	19.50	19.50	19.50	19.50
Gross Dep.	2.73	5.06	7.07	8.78	10.26
Net Fixed Assets	16.78	14.44	12.43	10.72	9.24
Current Assets					
Sundry Debtors	2.59	3.05	3.45	3.87	4.31
Stock in Hand	4.61	5.30	5.95	6.62	7.31
Cash and Bank	1.89	2.06	2.57	3.61	6.66
TOTAL :	25.86	24.85	24.41	24.82	27.52

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
A) SALES					
Gross Sale	110.93	130.81	148.05	166.04	184.78
Total (A)	110.93	130.81	148.05	166.04	184.78
B) COST OF SALES					
Raw Material Consumed	81.43	95.00	104.50	114.00	123.50
Electricity Expenses	2.05	2.28	2.51	2.74	2.97
Repair & Maintenance	5.55	5.89	7.40	8.30	9.24
Labour & Wages	7.43	7.73	8.58	9.53	10.57
Depreciation	2.73	2.34	2.00	1.72	1.48
Cost of Production	99.19	113.24	125.00	136.29	147.76
Add: Opening Stock /WIP	-	3.25	3.72	4.21	4.72
Less: Closing Stock /WIP	3.25	3.72	4.21	4.72	5.25
Cost of Sales (B)	95.94	112.77	124.51	135.78	147.22
C) GROSS PROFIT (A-B)	14.99	18.04	23.54	30.26	37.55
	13.51%	13.79%	15.90%	18.23%	20.32%
D) Bank Interest (Term Loan)	1.90	1.56	1.13	0.70	0.27
ii) Interest On Working Capital	0.50	0.50	0.50	0.50	0.50
E) Salary to Staff	4.91	5.16	5.93	6.82	7.85
F) Selling & Adm Expenses Exp.	2.22	2.62	4.44	4.98	5.54
TOTAL (D+E)	9.53	9.83	12.00	13.00	14.15
H) NET PROFIT	5.46	8.22	11.54	17.26	23.40
	4.9%	6.3%	7.8%	10.4%	12.7%
I) Taxation	0.55	1.64	2.31	5.18	7.02
J) PROFIT (After Tax)	4.91	6.57	9.24	12.09	16.38

COMPUTATION OF MAKING OF PAPAD			
Item to be Manufactured Papad			
Manufacturing Capacity per day		500	kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		1,50,000	kg
Total Production per Annum		1,50,000	Packet of 1 kg each
Year		Capacity	PAPAD
		Utilisation	
I		45%	67,500.00
II		50%	75,000.00
III		55%	82,500.00
IV		60%	90,000.00
V		65%	97,500.00

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
Urad Pulse Flour		1,50,000.00	kg	90.00	1,35,00,000.00
Salt		6,000.00	kg	15.00	90,000.00
Sodium Bicarbonate		4,500.00	kg	40.00	1,80,000.00
Hing		150.00	kg	8,500.00	12,75,000.00
Black Pepper		3,000.00	kg	800.00	24,00,000.00
Oil & Water		Lumsum			2,00,000.00
Packing Material		Lumsum			4,50,000.00
Total					1,80,95,000.00
Total Raw material in Rs lacs					180.95

Raw Material Consumed	Capacity Utilisation		Amount (Rs.)	
I	45%		81.43	
II	50%		95.00	5% Increase in Cost
III	55%		104.50	5% Increase in Cost
IV	60%		114.00	5% Increase in Cost
V	65%		123.50	5% Increase in Cost

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(7 Days requirement)	3.25	3.72	4.21	4.72	5.25
Raw Material					
(5 Days requirement)	1.36	1.58	1.74	1.90	2.06
Closing Stock	4.61	5.30	5.95	6.62	7.31

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.61		
Less:			
Sundry Creditors	1.90		
Paid Stock	2.71	0.27	2.44
Sundry Debtors	2.59	0.26	2.33
Working Capital Requirement			4.77
Margin			0.53
MPBF			4.77
Working Capital Demand			4.50

<u>COMPUTATION OF SALE</u>					
Particulars	I	II	III	IV	V
Op Stock	-	2,250.00	2,500.00	2,750.00	3,000.00
Production	67,500.00	75,000.00	82,500.00	90,000.00	97,500.00
	67,500.00	77,250.00	85,000.00	92,750.00	1,00,500.00
Less : Closing Stock(10 Days)	2,250.00	2,500.00	2,750.00	3,000.00	3,250.00
Net Sale	65,250.00	74,750.00	82,250.00	89,750.00	97,250.00
Sale Price per packet of 500 gm	170.00	175.00	180.00	185.00	190.00
Sale (in Lacs)	110.93	130.81	148.05	166.04	184.78

BREAK UP OF LABOUR				
Particulars	Wages	No of	Total	
	Per Month	Employees	Salary	
Supervisor	20,000.00	1	20,000.00	
Plant Operator	15,000.00	1	15,000.00	
Unskilled Worker	10,000.00	1	10,000.00	
Helper	8,000.00	1	8,000.00	
Security Guard	6,000.00	1	6,000.00	
			59,000.00	
Add: 5% Fringe Benefit			2,950.00	
Total Labour Cost Per Month			61,950.00	
Total Labour Cost for the year (In Rs. Lakhs)		5	7.43	

BREAK UP OF SALARY				
Particulars	Salary	No of	Total	
	Per Month	Employees	Salary	
Manager	20,000.00	1	12,000.00	
Accountant cum store keeper	15,000.00	1	15,000.00	
Sales	12,000.00	1	12,000.00	
Total Salary Per Month			39,000.00	
Add: 5% Fringe Benefit			1,950.00	
Total Salary for the month			40,950.00	
Total Salary for the year (In Rs. Lakhs)		3	4.91	

COMPUTATION OF DEPRECIATION					
Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased		-	-	-
Addition	-	3.00	15.50	1.00	19.50
	-	3.00	15.50	1.00	19.50
		-	-	-	
TOTAL		3.00	15.50	1.00	19.50
Less : Depreciation	-	0.30	2.33	0.10	2.73
WDV at end of Ist year	-	2.70	13.18	0.90	16.78
Additions During The Year	-	-	-	-	-
	-	2.70	13.18	0.90	16.78
Less : Depreciation	-	0.27	1.98	0.09	2.34
WDV at end of IInd Year	-	2.43	11.20	0.81	14.44
Additions During The Year	-	-	-	-	-
	-	2.43	11.20	0.81	14.44
Less : Depreciation	-	0.24	1.68	0.08	2.00
WDV at end of IIIrd year	-	2.19	9.52	0.73	12.43
Additions During The Year	-	-	-	-	-
	-	2.19	9.52	0.73	12.43
Less : Depreciation	-	0.22	1.43	0.07	1.72
WDV at end of IV year	-	1.97	8.09	0.66	10.72
Additions During The Year	-	-	-	-	-
	-	1.97	8.09	0.66	10.72
Less : Depreciation	-	0.20	1.21	0.07	1.48
WDV at end of Vth year	-	1.77	6.88	0.59	9.24

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	17.55	17.55	0.48	-	17.55
	IInd Quarter	17.55	-	17.55	0.48	-	17.55
	IIIRD Quarter	17.55	-	17.55	0.48	0.98	16.58
	Ivth Quarter	16.58	-	16.58	0.46	0.98	15.60
					1.90	1.95	
II	Opening Balance						
	Ist Quarter	15.60	-	15.60	0.43	0.98	14.63
	IInd Quarter	14.63	-	14.63	0.40	0.98	13.65
	IIIRD Quarter	13.65	-	13.65	0.38	0.98	12.68
	Ivth Quarter	12.68		12.68	0.35	0.98	11.70
					1.56	3.90	
III	Opening Balance						
	Ist Quarter	11.70	-	11.70	0.32	0.98	10.73
	IInd Quarter	10.73	-	10.73	0.29	0.98	9.75
	IIIRD Quarter	9.75	-	9.75	0.27	0.98	8.78
	Ivth Quarter	8.78		8.78	0.24	0.98	7.80
					1.13	3.90	
IV	Opening Balance						
	Ist Quarter	7.80	-	7.80	0.21	0.98	6.83
	IInd Quarter	6.83	-	6.83	0.19	0.98	5.85
	IIIRD Quarter	5.85	-	5.85	0.16	0.98	4.88
	Ivth Quarter	4.88		4.88	0.13	0.98	3.90
					0.70	3.90	
V	Opening Balance						
	Ist Quarter	3.90	-	3.90	0.11	0.98	2.93
	IInd Quarter	2.93	-	2.93	0.08	0.98	1.95
	IIIRD Quarter	1.95	-	1.95	0.05	0.98	0.98
	Ivth Quarter	0.98		0.98	0.03	0.98	0.00
					0.27	3.90	

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
<u>CASH ACCRUALS</u>	7.64	8.91	11.24	13.80	17.85
Interest on Term Loan	1.90	1.56	1.13	0.70	0.27
Total	9.54	10.47	12.37	14.50	18.12
<u>REPAYMENT</u>					
Repayment of Term Loan	1.95	3.90	3.90	3.90	3.90
Interest on Term Loan	1.90	1.56	1.13	0.70	0.27
Total	3.85	5.46	5.03	4.60	4.17
DEBT SERVICE COVERAGE RATIO	2.48	1.92	2.46	3.15	4.35
AVERAGE D.S.C.R.			2.81		

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