

Centurion University of
Technology and
Management
School of Management
Project on
"Business Plan of
Potato Wafers"

Subject : Entrepreneurship Development

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Introduction

In India around 12 million tonnes of potato is grown which is about 4% of the total world production. However the per capita consumption of potatoes is low. It is estimated that 2% of the potatoes, which is wasted due to various reasons such as transportation, type of packing, availability of a cold storage capacity during harvesting season, glut in the market, etc could be saved by making various processed potato products. Potato wafer is one of such products which has a great potential as this is considered as one of the traditional food of India. Potato-wafers are needed to be made in a scientific manner & under hygienic conditions.

B* Market Potential

The popularity of snack food is growing fast day-by-day & potato wafers have emerged as a potential snack food. A no. of organized as well as unorganized groups

are already there, catering to the needs of tea stalls, restaurants, railway station & tourist places etc. Still there is a huge demand to be met for these products in interior & remote places in different parts of the country.

C * Basic & Presumptions

- This project is based on single shift basis & 200 working days in a year.
- The cost of machinery & equipment material indicated refer to a particular make & the prices are approximate & prevailing rate at the time of preparing of this profile.
- The cost of packaging, forwarding tax etc. & installation electrification of machinery is taken @ 15% non-refundable deposits, project cost, trial production, fees etc are considered & pre-operative expenses.
- Depreciation has been taken as an
 - a) building @ 5%
 - b) machinery & equipment @ 10%
 - c) office furniture & fixture @ 20%
- Interest on total capital investment has been taken @ 14% per annum
- Break even point has been calculated at the full capacity utilization

- Minimum 40% of the total investment is required as margin money.
- For smooth functioning of unit, it is suggested that unit should have a good stock of quality raw material.

D * Implementation Schedule

→ The following steps involve in the implementation of the projects

S.1. No- Activity

1. Selection of site
2. Form of Ownership
3. Feasibility Report
4. Registration with DC
5. Arrangement of Finance
6. Construction of factory shed & Building
7. Plant Erection & Electrification
8. Recruitment of Manpower.
9. Arrangement of Raw materials including Packaging material
10. Selection of Marketing channel.
11. Miscellaneous power & water connections, Pollution control board clearance etc

E* Technical Aspects

→ Process of Manufacture:-

→ The potatoes selected for wafers should be large oval shape free from disease and fully matured. It should have the minimum number of eyes to cut down the losses by trimming. They are washed thoroughly in water & peeled machines.

→ The peeling machine which is used for peeled potatoes are washed away with spray of water.

→ They are then trimmed & placed in water to prevent browning, they are sliced 0.4 to 0.5 cm thick in a slicing machine.

→ The slices are again placed in cold water.

Whenever there is considerable delay in the subsequent operations of blanching then slices are kept in water containing 0.5% potassium metabisulphate to avoid oxidation.

→ The blanched chips are then subjected to hydro-extruding machine to remove excess of water & fried at 190°C for 3 to 4 minutes fried potato wafers are then kept on the drier to

To remove excess of oil, cooled & other ingredients like salt & spicy mixture is sprayed as per required salt taste, cooled potato wafers are then packed in polythene bags & sealed.

2) Quality Control & Standards

→ Product must meet PFA regulations.

→ However, BIS specifications are as follows: -

IS: 4026 : 1978 for dehydrated potatoes

IS: 254 : 1974 - Test for determining preservation

3) Moture Power :- 20HP

4) Production Capacity (Per Annum)

Quality : 120 M.T. Per Annum

Value : Rs 108 Lakhs.

5) Pollution Control

The unit will not create any pollution problems. However, entrepreneur should obtain NOC from concerned State Pollution Control Board.

5) Energy Conservation :-

Suitable measures should be adapted to use appropriate amount of fuel & electricity.

F * Financial Assets

1) Fixed Capital

a) Land & Building

• Land 300 sq. Mtr @ ₹ 2000/- per sq. Mtr
= ₹ 6.00 lacs

• Built up Area

Production hall, raw material & finished goods stores, laboratory, office etc 200 sq. Mtr

Cost of construction @ ₹ 8000/- per sq. Mtr

= ₹ 16.00 lacs

Total = ₹ 22.00 lacs

10	Miscellaneous equipment - weighing Balance with measure of different capacity, Storage Drum, Kadahi, Tubes, Trays, Knives, Peckers, Polythene sheet etc.	LS	75000/-
11.	Laboratory Equipments	LS	1,00,000/-
		Total	8,45,000/-
	Freight & electrification @ 10%	LS	85000/-
		Total	9,30,000/-

₹ 9.30 lakhs

3) Furniture & fixtures :- ₹ 10.70 Lakhs.

4) Pre-operative Expenses :-

Establishment cost legal expenses (consultancy fees, start up expense, Interest during construction period, Total run expenses)	₹ 1.00 lakhs
Total fixed capital (1+2+3+4)	₹ 34.00 lakhs.

b) Machinery & Equipment

S.1	Particulars of Machine	Qty (Nos)	Amount (₹)
1)	Washing Tank (6'x3'x3) @ ₹ 50,000/-	2	1,00,000/-
2)	Gas Chulha with Gas Cylinder	2 sets	40,000/-
3)	Potato Peeler (Body & chamber of stainless steel)	1	50,000/-
4)	Power operated slicing machine with arrangement to adjust the thickness of slices with motor	1	70,000/-
5)	Hydro extractor to extract excess of moisture with motor	1	35,000/-
6)	Deep Fat Fryer (oil tank of stainless steel, electricity heated, temp, control switch)	1	40,000/-
7)	Polyethylene Bag sealing Machine @ ₹ 10,000	1	10,000/-
8)	Salting Drum	1	25,000/-
9)	Automatic Pouch Packing Machine	1	25,000/-

Machinery & Equipment

20 Working Capital

a) Salary & Wages.

Sl. No	Designation	No	Rate	Total
10	Managers	1	15000/-	15000/-
20	Sales Supervisor	1	6000/-	6000/-
30	Computer operator	1	6000/-	6000/-
40	Skilled worker	1	6000/-	6000/-
50	Un-skilled workers	6	4000/-	4000/-
			Total	57000/-

1.	Potatoes (sugar free)	40	6000/-	2,40,000/-
2.	Refined Oil	4	55,000/-	2,20,000/-
3.	Flavour, chemicals Spices etc	L.S		25000/-
4.	Packaging Material	L.S		50000/-
			Total	5,35,000/-

D) Other Contingent Expenses (P.M) :-

1.	Consumable stores	2000/-	
2.	Maintenance & Repairs	2000/-	
3.	Transportation & Travelling	7,500/-	
4.	Insurance	1,000/-	
5.	Other expenses	5000/-	
6.	Advertisement & publicity	5000/-	
		Total	23000/-

E) Working Capital / Total Requiring Expenditure (P.M)

1.	Salary & Wages	66,000/-
2.	Raw Materials	5,35,000/-
3.	Utilities	47,000/-
4.	Other contingent expenses	23,000/-

F) total working capital for 3 months $6,71,000 \times 3$
 $= ₹ 20.13 \text{ lakhs.}$

3) Total capital investment

1 ^o	Fixed capitals	34.50
2 ^o	Working capital for 3 months	20.13
	total	54.63

* Financial Analysis

1) Cost of production

S.No	particulars	Value in (laks)
1 ^o	total Reurring Expenditure / cost	50.52
2 ^o	Depreciation on Building @ 5%	0.80
3 ^o	Depreciation machinery & equip @ 10%	0.85
4 ^o	Depreciation on furniture @ 14%	0.34
5 ^o	Intrest on capital investment @ 14%	7.18 7.58

3. Net profit (Per annum) Before Taxation

Turn over	(-)	Cost of Production	=	₹ 17.91 lacs
1,08,00,000/-	(-)	90,09,000/-		

4. Net profit Ratio (Per Annum) :- 16.58%

5. Rate of Return (Per Annum) % 33.68%

6. Break even point :- 42%