

PAPAD MANUFACTURING

Introduction:

Papad is a delicious snack. It is consumed at homes, restaurants, hotels, etc. Papad is a traditional item consumed in all functions especially in India. Manufacturing of Papad is one of the traditional activities in the rural area in the country. The product is having very good market demand in the country and also in abroad. Traditionally it was manufactured without any machine assistance; however mechanisation can make the process simple and make the unit profitable and competent in the present industrial scenario. Papad is prepared with different tastes in different region.

At present Papad is in short supply in the market. It is estimated that demand of papads will keep on multiplying. Exports of papads from India to various countries over world have been quite substantial. Thus the scope of this industry is very bright for new entrants.

I. Market:

Papad is a popular and tasty food item in the Indian diet since many centuries. Market for Papad is steadily growing across the country. There are not much seasonal fluctuations but demand generally goes up by 10% to 15% during winter season. There are a couple of national brands but the market is predominantly controlled by the local brands. Prospects for a new entrant are bright, provided quality is good and prices are competitive. It can be sold through many outlets of provision and departmental stores.

III. Production Capacity:

The production capacity of the plant is 60 TPA calculated on the basis of 300 working days based on single shift basis in a year.

IV Manufacturing process:

Papad can be manufactured from different varieties of pulses or there could

be a combination of pulses as well. Generally weighed quantity of flour is taken in a mixer. Adequate quantity of water is added in flour of, common salt, spices and sodium bicarbonate and homogenous mixing is done to obtain dough. After about 30

minutes, small balls weighing around 7-8 grams of dough are made. These balls are then placed in papad making machine or papad press wherein these balls are pressed and circular pappads are made as per the size of mould. These pappad are then sun-dried or in a drier. Lots of 10, 25 or 50 pappads are then packed in polythene bags. The quality specification of pappad is IS:2839.

V. Non- Recurring Expenses:

Item with brief description	Qty	Value in Rs
Land	4 cents	-
Work Shed	30 M ²	2,50,000
Office and Stores	20 M ²	
Plant and Machinery		5,00,000
Erection and Electrification		20,000
Preliminary & pre operative expenses		10,000
Total Non-Recurring Expenses		7,80,000

VI. List of Machinery:

S.No.	Item with brief Description	Qty	Total cost
1	Papad making machine with conveyor and motor	1	5,00,000
2	Kneeding Machine	1	
3	4'Die 405x18 AND 5" Die 405x10	1	
	Drier with trolley and 48 trays with heating element	1	
4	Sieve, Marble Top Tables, Rolling Pins, small utensils mug, cups, balance, Sealing Machine etc.		
	Total Cost of Machinery		5,00,000

V. Raw Material:

Sl. No.	Item with brief description	Qty Kg	Value in Rs
1	Black Gram Flour/Flour of pulses	1600	1,40,000

2	Other materials like sodium bicarbonate salt, spices, edible oil, dusting material Packing material etc	LS	25,000
	Total		1, 65,000

VI. Man Power required:

Sl. No.	Item with brief description	Qty	Wage
1	Manager cum skilled worker	1	
2	Skilled Workers	1	32,000
3	Unskilled Workers	2	
	Total	4	32,000

VII Utilities and Other Expenses:

Power Charges	6,000
Water charges	1,000
Rent, rate and taxes	500
Travel exp / Transport	1,000
Repairs and Maintenance	500
Insurance	500
Telephone charges	1,000
Stationary and postage	500
Miscellaneous expenses	500
Total	11,500

VI. Working Capital:

Particulars	No. of Days	Amount
(a) Raw materials	15	82,500
(b) WIP & Finished goods	7	51,295
(c) Sundry debtors	15	1,02,589

(d) Utilities and contingencies	30	11,500
Total		2,47,884

Working Capital Requirement for one month : 2,50,000

VII. Total Project Cost:

1	Fixed Capital	780,000
2	Working Capital	250,000
	Total	10,30,000

VIII. Means of Finance:

1	Own Capital	2,57,500
2	Term Loan	5,85,000
3	Working Capital Loan	1,87,500

Requirement of Power 15 HP

IX. Cost of Production Per Month:

1.	Total recurring expenditure per Month	
	(a) Raw materials	: 1,65,000
	(b) Wages and salaries	: 32,000
	(c). Other Expenses	: 11,500
2.	Depreciation on Building at 5%	: 1,042
3.	Depreciation on machinery and equipment 10%:	4,333
4.	Depreciation of office equipment 20%:	0
5.	Interest on bank loan @ 14%.....	: 9,013
	Total	: 2,22,888
	Cost of Production per Annum	: 2,674,650

X. Annual Sales:

Sl No.	Products	Qty in Kg	Selling Price	Value
1	Papad	36,000	80	28,80,000
Total				28,80,000

XI. Profitability:

Anticipated Annual Profit	2,05,350
Rate of Return on Investment	19.94%
Rate of Return on Sales	7.13%

XII. Break even Analysis:

Total Depreciation:	64,500
Interest on bank loan	1,08,150
40% of Salary and wages	1,53,600
40% of Utilities and contingencies	55,200
Annual Fixed Cost	3,81,450
Net Profit	2,05,350
Break Even Point	65.01%

XIII. Manufactures/ Suppliers of Machinery:

Total Project Cost	:	10,30,000
Fixed Capital	:	780,000
Working Capital	:	250,000
Annual turnover	:	28,80,000

XIV. Suppliers of Raw Materials:

The raw material can be procured from the Local market at competitive rates.

XV. IMPLEMENTATION PERIOD:**XV. ASSUMPTION FOR GENERATING PROJECT PROFITABILITY:**

Number of Working Days in a year	:	300 Days
Number of Shifts in a day	:	1 One
Hours in a Shift	:	8 hours

Plant Capacity :

Consider on Average production capacities of plant	:	60 TPA
Depreciation	:	Straight Line Method
• Manpower According to project Requirement	:	4
• Eligibility of Bank Loan	:	75%
• Interest per annum is reckoned as follows	:	14%
• Moratorium Period	:	6- 12 months
• Repayment Period	:	5-7 years

MACHINERY SUPPLIERS

1. Shreenithi Engineering Works,32, Nethaji Nagar, Sanganoor,Mattupalayam Road, Coimbatore
2. Real tech Engg,No. 7/53, BalajiEstate, 3A, Kondayampalyam Road Saravanampatti,Coimbatore
3. Heavy Engineering and Fabricators,Oppe Lotus Eye Hospital, 181, Avanashi Road, Coimbatore