



(5)
**PROJECT PROFILE ON
 POTATO CHIPS**

Category: Food

Cost of project: Rs. 2,11,000
 BEP: 52 %

I. INTRODUCTION OF BUSINESS IDEA:

Due to change in life-style and change in food habit; need of snack has grown over a last decade. Further people of all ages and places have this habit of consumption. One such item of fast snack is potato chips.

II. PRODUCT AND ITS APPLICATIONS:

Potato chips are commonly used as snacks in hotels, bars, houses. These are fast consuming items as such there is regular demand. There are different types with different tastes.

III. MARKET POTENTIAL:

Food Processing Industry has been regarded as the rising sun industry by the Indian Govt. In order to promote this industry, lot of measures has been taken. Potato chips are taken as snack item on all occasions. According to analysis given by F & B Database, the demand for potato chips is increasing at the rate of 25% of every year presently; there are about 3 big and 375 small producers that are selling chips under different brand names in Karnataka. As the demand is increasing the potato chip units have potential. In Dharwad district there are no units manufacturing chips except a few household units. The hot chips shops are started in Hubli & Dharwad. In other taluks in the district there is scope for establishing the potato chips unit.

IV. CAPACITY / REVENUE & SALES (1ST YEAR):

The capacity proposed for the unit is 36000 kegs in a year of 300 working days. It is assumed that 70% of working capacity would utilize during the first year of operation.

Sl. No.	Production in 1 st Year	Qty./kgs.	Rate/ kg.	Total Amount (Rs.)
1.	Potato chips	25,200	44	11,08,800



V. LOCATION PREFERABLE:

Wherever potato is grown, the same could be stored during the season and used for conversion as chips. Navalgund and Kundgol are suitable.

VI. MANUFACTURING PROCESS & QUALITY:

Potato is washed and peeled and sliced by the slicing machine. Then water is removed using dehydrator. After drying it is fried in pan and the oil is allowed to drain. Chips are now packed in required weights.

Good quality of potato to be used in manufacturing chips and hygienic condition to be maintained in the factory.

VII. COST OF PROJECT AND MEANS OF FINANCE, INCLUDING WORKING CAPITAL REQUIREMENTS :

A. Cost of Project:

Equipments	85,000
Other fixed assets	10,000
Preliminary and preoperative expenses	5,000
Deposits	10,000
Working Capital Requirements	1,01,000
Total	2,11,000

B. Means of Finance:

Loan @ 75% excluding deposit.	1,50,000
Equity	61,000
Total	2,11,000

C. Working Capital Requirement:

S. No	Particulars	Basis	Period	Amount
1	Raw-materials	7,56,000 ----- x ½ 12	½ m	31,500
2	Finished goods	8,89,200 ----- x ¼ 12	1 wk	18,500
3	Bills receivable	1,10,800 ----- x ½ 12	½ m	46,000
4	Working expenses	Lumpsum	1m	5,000
	Total			1,01,000



VIII. MAIN INPUTS REQUIREMENT:

A. Machinery:

Sl. No.	Particulars	No.	Total Cost
1	Peeling machine with 0.5H.P motor	1	26,000
2	Slicing machine with 0.5H.P motor	1	22,000
3	Dehydrator with 0.5H.P motor	1	18,000
4	Diesel furnace of 12 burners with 0.5 H.P blower and diesel tank (it can also work on kerosene).	1	12,000
5	Aluminum frying pan of 42 x 39 x14 size Electrification and installation	1	7,000
	Total		85,000

B. Raw-materials (1m):

Sl. No.	Particulars	Qty	Rate	Total Cost (Rs.)	Annual
1	Potato	2,500 kg	12/per kg.	30,000	
2	Edible Oil	200 Kg	60 per kg	12,000	
3	Salt, pepper, spices etc	15 Kg	Lumpsum	6,500	
4	Diesel, Kerosene	200	35 litres	7,000	
5	Printing polythene bags capacity of 50 to 500 gms. (800 poly bags in 1 Kg)	75Kg	100 per kg.	7,500	
	Total			63,000	7,56,000

C. Utilities :

Sl. No.	Particulars	Total Monthly Charges. (Rs.)	Annual
1	Electricity (3H.P)	900	
2	Water	1200	
	Total	2,100	25,200

D. Man-power requirement :

Sl. No.	Workers	No.	Monthly Salary (Rs.)	Annual Salary (Rs.)
2	Skilled Labour	1	3000	36,000
4	Unskilled labour	3	2000	72,000
	Total			1,08,000



E. MAIN INFRASTRUCTURE REQUIREMENT :

Building	Built up space of 1500 sft is required
Power	3 HP power connection is required.
Water	2 KL Water is required
Rent	Rs. 48,000 @ Rs. 4000 per month
Maintenance	Rs.32,000per annum.

IX. PROFITABILITY (Annual) :

	Basis	
Sales Revenue (Projected)	Ref : IV	11,08,800
Raw Materials	Ref : VIII B	7,56,000
Man power expenses	Ref : VIII D	1,08,000
Utilities	Ref : VIII C	25,200
Interest	@ 14%	21,000
Depreciation	20% SLM	13,000
Overheads	Rent, Maintenance etc.	80,000
Total Expenses		10,03,200
Profit		1,04,800

X. FINANCIAL INDICATOR:

Break Even Point		
$\frac{FC}{SR - VC} \times 100$	$\frac{1,14,000}{2,18,800} \times 100$	52.10 %
Payback period		
$\frac{COP}{\text{Profit} + \text{Deprn.}}$	$\frac{2,11,000}{1,17,800}$	1 Year 9 Months



XI. ADDRESSES:

SUPPLIERS OF MACHINERY / EQUIPMENTS:

Star associated Industries
C-44, Rani Chennamma nagar
Industrial area Belgaum-590008
Ph 0831-2440349

Supplier of the raw material

APMC, Dharwad. Phone No. 2322251.

XII. SPECIAL NOTE:

CFTRI Technology is available for the proposed project. Please refer district profile for the address of CFTRI Mysore.