

# PROJECT REPORT

Of

## FROZEN FRENCH FRIES

### PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Frozen French Fries**.

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.]



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**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 : **FROZEN FRENCH FRIES**
- 6 Name of the project / business activity proposed : **FROZEN FRENCH FRIES UNIT**
- 7 Cost of Project : Rs.11.8 Lakhs
- 8 Means of Finance  
Term Loan Rs.8.62 Lakhs  
Own Capital Rs.1.18 Lakhs  
Working Capital Rs.2 Lakhs
- 9 Debt Service Coverage Ratio : 2.09
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 52%
- 13 Employment : 8 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Fresh Potatoes
- 16 Estimated Annual Sales Turnover (Max Capacity) : 43.90 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	8.38
Furniture & Fixtures	1.20
Working Capital	2.22
<b>Total</b>	<b>11.80</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.18
Working Capital(Finance)	2.00
Term Loan	8.62
<b>Total</b>	<b>11.80</b>

## **POTATO FROZEN FRENCH FRIES**

**Introduction:** Indian fast food sector is growing at 25-30 % annually due to rapid growth of fast food chain both Indian and international. Presently, the core food service Indian market is 3600 crores and the share of quick service restaurants' is Rs. 2500 crores. Out of the total snacks, potato-based products like French fries, wedges, products using potato flakes and other Indian snacks have about 30 % share in fast food industry, approximately 75 crores in value terms. French fries are among the highest saleable potato products. This is the most abundant processed potato and can be found in many varieties such as lattice cut, wedges, curly, batter dipped, seasoned, or straight-cut including French Fries on menu is one of the easiest ways to increase sales and profits for the companies.



**Market Opportunities:** The market of processed potato products is growing at the rate of 25 to 30% per annum. The estimates of trade sources and sector studies indicate a market share of about 30% of potato-based products in total 2400 crores snack food market. The main potato-based products are French fries, wedges, cutlets, chips etc. Besides, dehydrated potato products like flakes, granules and powder are also used in larger quantities in preparation of many products as the substitute of fresh potatoes

in products like Bhujia, Tikki, thickener, fabricated chips, patties and in preparation of premixes used for other products.

**Raw material:** The major raw material that is required to make French fries is fresh potatoes only. The average raw material cost per packet of 1 Kg of French fries will be Rs 30-40.

**Machinery Requirements:** Major machineries & equipments are as follows:

<b><u>Description</u></b>	<b><u>Unit</u></b>	<b><u>Amount</u></b>
Potato washing & peeling machine	2	92000
French fry cutter	4	14000
Blanching machine	1	500000
Centrifugal Dryer	1	75000
Freezer	1	100000
Impulse sealer machine	2	27000
Other hand tools & equipments	Ls	30000
<b>Total Amount</b>		<b>838000</b>

**Manufacturing Process:** Step by step process is mentioned below:

- Raw materials are procured from the local vendor. All raw materials are placed in the inventory.
- Potatoes are initially washed in a vegetable washing machine. This removes all excess dirt present upon potatoes.
- These cleaned potatoes are peeled in peeling & washing machine.
- Simultaneous washing drains away extra starch during peeling.
- Washed potatoes are then fed to French Fries Cutter. It basically cuts the potatoes in shape of French fries.
- These cut potatoes fall in a water tank, after being cut. This drains extra starch which has surfaced during cutting.

- These potato fries are then blanched in boiling water. Blanched French fry potato slices are then fed to dryer.
- Most small & medium scale player use centrifugal dryer. It simply uses centrifugal force & perforated pan for drying.
- Dried French Fries shaped slices are ready to be dispatched for sale.

### **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 1200 to 1500Sqft.

**Power Requirement:** The power consumption required to run all the machinery could be approximated as 20hp

**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**

<b>PROJECTED CASH FLOW STATEMENT</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	1.18	-			
Reserve & Surplus	1.41	2.30	3.08	4.38	5.14
Depriciation & Exp. W/off	1.38	1.18	1.01	0.86	0.73
Increase In Cash Credit	2.00				
Increase In Term Loan	8.62	-	-	-	-
Increase in Creditors	0.48	0.07	0.07	0.08	0.08
<b>TOTAL :</b>	<b>15.07</b>	<b>3.54</b>	<b>4.16</b>	<b>5.32</b>	<b>5.96</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	9.58	-	-	-	-
Increase in Stock	1.75	0.24	0.26	0.27	0.29
Increase in Debtors	1.79	0.30	0.26	0.28	0.29
Repayment of Term Loan	0.96	1.92	1.92	1.92	1.92
Taxation	-	-	-	-	0.51
Drawings	0.60	1.00	1.50	2.00	2.50
<b>TOTAL :</b>	<b>14.68</b>	<b>3.46</b>	<b>3.94</b>	<b>4.47</b>	<b>5.51</b>
Opening Cash & Bank Balance	-	0.39	0.47	0.69	1.55
Add : Surplus	0.39	0.08	0.23	0.85	0.45
Closing Cash & Bank Balance	<b>0.39</b>	<b>0.47</b>	<b>0.69</b>	<b>1.55</b>	<b>1.99</b>

<b>PROJECTED BALANCE SHEET</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>SOURCES OF FUND</b>					
<b>Capital Account</b>					
Opening Balance	-	1.99	3.28	4.87	7.25
Add: Additions	1.18	-	-	-	-
Add: Net Profit	1.41	2.30	3.08	4.38	4.63
Less: Drawings	0.60	1.00	1.50	2.00	2.50
<b>Closing Balance</b>	<b>1.99</b>	<b>3.28</b>	<b>4.87</b>	<b>7.25</b>	<b>9.38</b>
CC Limit	2.00	2.00	2.00	2.00	2.00
Term Loan	7.66	5.75	3.83	1.92	-
Sundry Creditors	0.48	0.55	0.62	0.70	0.78
<b>TOTAL :</b>	<b>12.13</b>	<b>11.58</b>	<b>11.32</b>	<b>11.87</b>	<b>12.16</b>
<b>APPLICATION OF FUND</b>					
<b>Fixed Assets ( Gross)</b>	<b>9.58</b>	<b>9.58</b>	<b>9.58</b>	<b>9.58</b>	<b>9.58</b>
Gross Dep.	1.38	2.55	3.56	4.42	5.15
Net Fixed Assets	8.20	7.03	6.02	5.16	4.43
<b>Current Assets</b>					
Sundry Debtors	1.79	2.10	2.36	2.63	2.93
Stock in Hand	1.75	2.00	2.25	2.53	2.81
Cash and Bank	0.39	0.47	0.69	1.55	1.99
<b>TOTAL :</b>	<b>12.13</b>	<b>11.58</b>	<b>11.32</b>	<b>11.87</b>	<b>12.16</b>

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<b>PROJECTED PROFITABILITY STATEMENT</b>					
PARTICULARS	I	II	III	IV	V
<b>A) SALES</b>					
Gross Sale	26.86	31.43	35.36	39.52	43.90
<b>Total (A)</b>	<b>26.86</b>	<b>31.43</b>	<b>35.36</b>	<b>39.52</b>	<b>43.90</b>
<b>B) COST OF SALES</b>					
Raw Material Consumed	9.65	11.03	12.49	14.04	15.68
Electricity Expenses	2.10	2.26	2.42	2.58	2.74
Repair & Maintenance	1.34	1.57	1.77	1.98	2.20
Labour & Wages	6.30	6.87	7.42	7.94	8.49
Depreciation	1.38	1.18	1.01	0.86	0.73
<b>Cost of Production</b>	<b>20.77</b>	<b>22.90</b>	<b>25.10</b>	<b>27.39</b>	<b>29.84</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>0.79</b>	<b>0.89</b>	<b>1.00</b>	<b>1.12</b>
<b>Less: Closing Stock /WIP</b>	<b>0.79</b>	<b>0.89</b>	<b>1.00</b>	<b>1.12</b>	<b>1.25</b>
Cost of Sales (B)	19.98	22.79	24.98	27.27	29.72
<b>C) GROSS PROFIT (A-B)</b>	<b>6.88</b>	<b>8.63</b>	<b>10.38</b>	<b>12.25</b>	<b>14.18</b>
	<b>25.62%</b>	<b>27.47%</b>	<b>29.34%</b>	<b>30.99%</b>	<b>32.30%</b>
D) Bank Interest (Term Loan )	0.94	0.76	0.55	0.34	0.13
ii) Interest On Working Capital	0.22	0.22	0.22	0.22	0.22
E) Salary to Staff	3.78	4.73	5.81	6.51	7.81
F) Selling & Adm Expenses Exp.	0.54	0.63	0.71	0.79	0.88
<b>TOTAL (D+E)</b>	<b>5.47</b>	<b>6.34</b>	<b>7.29</b>	<b>7.86</b>	<b>9.04</b>
H) NET PROFIT	1.41	2.30	3.08	4.38	5.14
	<b>5.2%</b>	<b>7.3%</b>	<b>8.7%</b>	<b>11.1%</b>	<b>11.7%</b>
I) Taxation	-	-	-	-	0.51
<b>J) PROFIT (After Tax)</b>	<b>1.41</b>	<b>2.30</b>	<b>3.08</b>	<b>4.38</b>	<b>4.63</b>

COMPUTATION OF MAKING OF FROZEN FRENCH FRIES			
<b>Item to be Manufactured Frozen French Fries</b>			
Manufacturing Capacity per day		150	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		45,000	Kg
Total Production per Annum		45,000	Kg
Year		Capacity Utilisation	FROZEN FRENCH FRIES
I		65%	29,250.00
II		70%	31,500.00
III		75%	33,750.00
IV		80%	36,000.00
V		85%	38,250.00

Raw Material Consumed	Capacity Utilisation	Rate per Kg	Amount (Rs.)
I	65%	33.00	9.65
II	70%	35.00	11.03
III	75%	37.00	12.49
IV	80%	39.00	14.04
V	85%	41.00	15.68

<b>COMPUTATION OF SALE</b>					
Particulars	I	II	III	IV	V
Op Stock	-	975.00	1,050.00	1,125.00	1,200.00
Production	29,250.00	31,500.00	33,750.00	36,000.00	38,250.00
	29,250.00	32,475.00	34,800.00	37,125.00	39,450.00
Less : Closing Stock(10 Days)	975.00	1,050.00	1,125.00	1,200.00	1,275.00
Net Sale	28,275.00	31,425.00	33,675.00	35,925.00	38,175.00
Sale Price per 1 Kg packet	95.00	100.00	105.00	110.00	115.00
<b>Sale (in Lacs)</b>	<b>26.86</b>	<b>31.43</b>	<b>35.36</b>	<b>39.52</b>	<b>43.90</b>

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>Finished Goods</b>					
(15 Days requirement)	0.79	0.89	1.00	1.12	1.25
<b>Raw Material</b>					
(30 Days requirement)	0.97	1.10	1.25	1.40	1.57
<b>Closing Stock</b>	<b>1.75</b>	<b>2.00</b>	<b>2.25</b>	<b>2.53</b>	<b>2.81</b>

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</b>			
<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	1.75		
Less:			
Sundry Creditors	0.48		
<b>Paid Stock</b>	<b>1.27</b>	<b>0.13</b>	<b>1.14</b>
Sundry Debtors	1.79	0.18	1.61
<b>Working Capital Requirement</b>			<b>2.75</b>
<b>Margin</b>			0.31
<b>MPBF</b>			<b>2.75</b>
<b>Working Capital Demand</b>			<b>2.00</b>

<b><u>BREAK UP OF LABOUR</u></b>				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	14,000.00	1	14,000.00	
Plant Operator	12,000.00	1	12,000.00	
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	
				50,000.00
Add: 5% Fringe Benefit				2,500.00
Total Labour Cost Per Month				52,500.00
Total Labour Cost for the year ( In Rs. Lakhs)		5		6.30

<b><u>BREAK UP OF SALARY</u></b>				
Particulars	Salary Per Month	No of Employees	Total Salary	
Manager	12,000.00	1	12,000.00	
Accountant cum store keeper	10,000.00	1	10,000.00	
Sales	8,000.00	1	8,000.00	
Total Salary Per Month				30,000.00
Add: 5% Fringe Benefit				1,500.00
Total Salary for the month				31,500.00
Total Salary for the year ( In Rs. Lakhs)		3		3.78

<b>COMPUTATION OF DEPRECIATION</b>				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		<b>15.00%</b>	<b>10.00%</b>	
<b>Opening Balance</b>	Leased	-	-	-
Addition	-	8.38	1.20	9.58
	-	8.38	1.20	9.58
		-	-	
<b>TOTAL</b>		8.38	1.20	9.58
Less : Depreciation	-	1.26	0.12	1.38
WDV at end of Ist year	-	7.12	1.08	8.20
Additions During The Year	-	-	-	-
	-	7.12	1.08	8.20
Less : Depreciation	-	1.07	0.11	1.18
WDV at end of IInd Year	-	6.05	0.97	7.03
Additions During The Year	-	-	-	-
	-	6.05	0.97	7.03
Less : Depreciation	-	0.91	0.10	1.01
WDV at end of IIIrd year	-	5.15	0.87	6.02
Additions During The Year	-	-	-	-
	-	5.15	0.87	6.02
Less : Depreciation	-	0.77	0.09	0.86
WDV at end of IV year	-	4.37	0.79	5.16
Additions During The Year	-	-	-	-
	-	4.37	0.79	5.16
Less : Depreciation	-	0.66	0.08	0.73
WDV at end of Vth year	-	3.72	0.71	4.43

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	8.62	8.62	0.24	-	8.62
	IInd Quarter	8.62	-	8.62	0.24	-	8.62
	IIIRD Quarter	8.62	-	8.62	0.24	0.48	8.14
	Ivth Quarter	8.14	-	8.14	0.22	0.48	7.66
					0.94	0.96	
<b>II</b>	Opening Balance						
	Ist Quarter	7.66	-	7.66	0.21	0.48	7.18
	IInd Quarter	7.18	-	7.18	0.20	0.48	6.70
	IIIRD Quarter	6.70	-	6.70	0.18	0.48	6.23
	Ivth Quarter	6.23		6.23	0.17	0.48	5.75
					0.76	1.92	
<b>III</b>	Opening Balance						
	Ist Quarter	5.75	-	5.75	0.16	0.48	5.27
	IInd Quarter	5.27	-	5.27	0.14	0.48	4.79
	IIIRD Quarter	4.79	-	4.79	0.13	0.48	4.31
	Ivth Quarter	4.31		4.31	0.12	0.48	3.83
					0.55	1.92	
<b>IV</b>	Opening Balance						
	Ist Quarter	3.83	-	3.83	0.11	0.48	3.35
	IInd Quarter	3.35	-	3.35	0.09	0.48	2.87
	IIIRD Quarter	2.87	-	2.87	0.08	0.48	2.39
	Ivth Quarter	2.39		2.39	0.07	0.48	1.92
					0.34	1.92	
<b>V</b>	Opening Balance						
	Ist Quarter	1.92	-	1.92	0.05	0.48	1.44
	IInd Quarter	1.44	-	1.44	0.04	0.48	0.96
	IIIRD Quarter	0.96	-	0.96	0.03	0.48	0.48
	Ivth Quarter	0.48		0.48	0.01	0.48	0.00
					0.13	1.92	

Door to Door Period            60 Months  
Moratorium Period                6 Months  
Repayment Period                 54 Months

<b>CALCULATION OF D.S.C.R</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>CASH ACCRUALS</b>	2.79	3.47	4.09	5.24	5.36
Interest on Term Loan	0.94	0.76	0.55	0.34	0.13
Total	3.72	4.24	4.64	5.59	5.49
<b>REPAYMENT</b>					
Repayment of Term Loan	0.96	1.92	1.92	1.92	1.92
Interest on Term Loan	0.94	0.76	0.55	0.34	0.13
Total	1.89	2.68	2.47	2.26	2.05
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.97</b>	<b>1.58</b>	<b>1.88</b>	<b>2.47</b>	<b>2.68</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.09</b>		



<b>COMPUTATION OF ELECTRICITY</b>			
<b>(A) POWER CONNECTION</b>			
Total Working Hour per day		Hours	8
Electric Load Required		HP	20
Load Factor			0.7460
Electricity Charges		per unit	7.50
Total Working Days			300
<b>Electricity Charges</b>			<b>2,68,560.00</b>
Add : Minimim Charges (@ 10%)			
<b>(B) DG set</b>			
No. of Working Days			300 days
No of Working Hours			0.3 Hour per day
Total no of Hour			90
Diesel Consumption per Hour			8
Total Consumption of Diesel			720
Cost of Diesel			65.00 Rs. /Ltr
Total cost of Diesel			0.47
Add : Lube Cost @15%			0.07
Total			<b>0.54</b>
Total cost of Power & Fuel at 100%			3.22
	<b>Year</b>	<b>Capacity</b>	<b>Amount (in Lacs)</b>
	I	65%	2.10
	II	70%	2.26
	III	75%	2.42
	IV	80%	2.58
	V	85%	2.74

## **DISCLAIMER**

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