

PROJECT PROFILE

ON

SOFTY CONES

Month & Year
Aug 2010

**PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032**

Supported by

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STIFTUNG **FÜR DIE FREIHEIT**

SOFTY CONES

1. Introduction

Softy Cones are baked biscuit products into which softy ice cream is filled at the time of dispensing from the softy machine. It is conical in shape and together with the ice cream it is a delicacy among one and all.

2. Market

The market is very vast. With softy ice creams being sold everywhere in towns, cities and rural areas, the product finds a market everywhere.

3. Packaging

Softy Cones are packed in units of 100 numbers in paper board cartons with an inner LDPE liner.

4. Production capacity

- The plant will be in operation for one shift a day.
- The production capacity is estimated at 2500 cones per hour or 20000 cones per day.
- The estimated production of softy cones per annum will be 60 lakhs cones.
- The time period required for achieving full capacity utilisation is one year.

5. Sales revenue

- With an ex-factory selling price at Rs. 2.00 per cone or Rs. 200 per box, the total sales realisation will be Rs. 120 lakhs, on full capacity utilisation.

6. Production process outline.

The basic raw material required for the manufacture of cones is refined wheat flour or maida. It is taken in the batter mixer and along with water, fat, sugar, colour etc., a batter is made. The batter is pumped by means of a pump into the cone baking machine. The baking machine has a die and a cup of preformed shape of a cone. The baking machine is heated by means of a gas. A temperature of 180 to 200 degrees centigrade is maintained for baking.

7. Quality specifications

- The product should be free from any fermented odour.
- The moisture content should not exceed 2%.
- Mold and fungal growth should be absent.

8. Pollution control measures

Not necessary as there are no pollutants or effluents.

9. Energy conservation measures

Common measures will do.

10. Land and construction cost for the proposed unit

The proposed unit is to be set up in a leased area. The total area required is 2000 square feet as described below:

SI	Description	Sq. feet
1	Processing area – pre preparation	1000
2	Raw material store for maida	200
3	Raw material (others) store room	100
4	Finished goods store	200
5	Gas storing space	100
6	Machinery spares store	100
7	Administrative area	100
8	Toilets	100
9	Miscellaneous space	100
10	Total	2000

Lease rent – Rs. 8.00 per square foot

Total rent per month – Rs. 16000

Lease advance – Rs. 100000

11. Costing of machinery and equipment

SI	Description	Rs. lakhs
1	Batter mixer with high speed stirrer	0.650
2	Cone baking machine with accessories	15.000
3	Gas regulator	0.020
4	Total	15.670

12. Project cost

SI	Description	Rs. lakhs
1	Land	On lease
2	Civil works	On lease
3	Plant machinery	15.670
4	Laboratory equipment	0.000
5	Transport vehicle (Tata Ace)	3.760
6	Pollution control equipment	0.000
7	Energy conservation equipment	0.000
8	Cost of power connection	0.250
9	Cost of electrification	0.500
10	Erection and commissioning	1.270
11	Cost of machinery spares	0.400
12	Cost of office equipment	1.000
13	Deposits if any	0.400
14	Company formation expenses	0.100
15	Gestation period expenses	0.500
16	Sales tax registration expenses	0.100
17	Initial advertisement and publicity	5.000
18	Contingencies	0.250
19	Working capital margin money	3.465
20	Total	32.665

13. Working capital requirements per month

a. Salaries and wages

SI	Description	No of persons	Total salary / month (Rs. lakhs)
1	Production Supervisor	1	0.250
2	Skilled worker	1	0.060
3	Unskilled workers	3	0.120
4	Packing workers	2	0.080
5	Driver	1	0.070
6	Administrative staff	1	0.250
7	Total	9	0.830

b. Raw material requirement per month

SI	Description	Qty (kgs)	Rate / kg (Rs)	Value (Rs. lakhs)
1	Maida	12075	20.00	2.415
2	Sugar, vanaspathi, colour, flavours	4363	40.00	1.745
3	Total raw material	16438		4.160

c. Packaging material requirement per month

SI	Description	Qty	Rate / unit (Rs)	Value (Rs. lakhs)
1	Polythene wrapper per 100 cones	5000 nos	4.00	0.200
2	Paperboard cartons per 100 cones	5000 nos	5.00	0.250
3	Cartons and straps	250 nos	40	0.100
4	Total			0.550

Total raw + packaging material = Rs. 4.710 lakhs

d. Utilities per month

SI	Description	Rs. lakhs
1	Power 1000 kwh @ Rs. 5.50 per unit	0.055
2	Water	0.050
3	LPG gas cylinders of 19 kg gas (commercial cylinders 50 nos)	0.500
4	Total utilities	0.605

e. Contingent expenses per month

SI	Description	Rs. lakhs
1	Rent for processing shed	0.160
2	Postage and stationery	0.010
3	Telephones, fax etc.	0.050
4	Consumable stores	0.020
5	Repairs and maintenance	0.110
6	Local transports, loading and unloading	0.150
7	Advertisement and publicity @ 4% of sales	0.400
8	Insurance	0.018
9	Sales expenses @ 4% of sales	0.400
10	Miscellaneous expenses @ 4% of sales	0.400
11	Trade incentives @ 4% of sales	0.400
12	Taxes @ 4%	0.400
13	Total contingent expenses	2.518

f. Total working capital requirement per month

SI	Description	Rs. lakhs
1	Salaries and wages	0.830
2	Raw material and packaging material	4.710
3	Utilities	0.605
4	Contingent expenses	2.518
5	Total	8.663

14. Means of finance

SI	Description	Rs. lakhs
1	Total Project Cost	32.665
2	Equity	10.779
3	Debt	21.886
4	Working capital margin money	3.465

15. Financial analysis

SI	Description	Rs. lakhs
1	Total recurring cost per year	103.956
2	Depreciation on land and building	0.000
3	Depreciation on machinery and vehicle	1.940
4	Depreciation on furnaces	0.000
5	Depreciation on moulds and fixtures	0.020
6	Depreciation on office equipment	0.100
7	Interest on long term loan @ 13.5%	2.955
8	Interest on short term borrowings@ 13.5%	0.702
9	Total cost of production	109.673

16. Turnover per year

SI	Item	Qty	Rate/unit (Rs)	Total Rs. lakhs
1	Softy cones	60,00,000	2.00	120.00

17. Viability analysis

SI	Description	Value
1	Net profit before income tax (Rs. lakhs)	10.327
2	Net profit ratio	8.6%
3	Internal rate of return	23.4%
4	Break even percentage	48%
5	Debt service coverage ratio	1.912

List of machinery suppliers for production of Softy Cones

1. Fun Foods, 21, Shama Apartments, 138 / 1, Prendghast Road, Secunderabad 500003, Andhra Pradesh.; Tel: 040 - 2306667; Fax: 040 - 2848823
2. Gopal Brothers, 75, G.B.Road, New Delhi. 110006.; Tel: 011 - 2941441
3. Parbhat Manufacturing Company, B-23/4, Wazirpur Industrial Area, Delhi. 110052.; Tel: 011 - 27117041
4. Reliance Engineering Works, 4065 Sector 46-D, Chandigarh 160047.; Tel: 0172 - 2605682; Fax: 0172 - 2652781