

PROJECT PROFILE

ON

BABY DOUGHNUTS

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**

BABY DOUGHNUTS

1. Introduction

Baby Doughnuts are small doughnuts weighing 20 to 25 grams each. They are normally sweet but could be made sweet and sour, or salted or coated with layers of chocolate. They could serve as alternatives to breakfast foods, snacks, or as quick ready to eat foods. They are normally packed in units of four, six, or ten and marketed through bakeries and departmental stores.

2. Market

The major market outlets are the “ A” and “B” class stores. The product also finds placement in self-service counters and departmental stores. Bakeries also sell doughnuts.

3. Packaging

Baby Doughnuts are packed in polypropylene bags.

4. Production capacity

- The plant will be in operation for one shift a day.
- The production capacity is estimated at 25 kilograms per hour or 250 kilograms of the finished product per day.
- The yield of doughnuts will be 6.25 tonnes per month and that per annum would be 75 metric tonnes.
- The time period required for achieving full capacity utilization is one year.

5. Sales revenue

- The ex-factory selling price per piece of 25 grams is fixed at Rs. 4.00.
- The annual sales revenue would be Rs. 120 lakhs on full capacity utilization.

6. Production process outline.

Raw material maida is kneaded into dough along with water, vanaspathi, salt, sugar and yeast and allowed to mature for an hour. It is then kneaded once again and cut into small size of desired shape and weight and allowed to further proof for another half an hour. It is then baked to give raw doughnuts. They are cooled and fried in oil for a few seconds. The excess oil is drained and the doughnuts taken to the coating pan where they are enrobed with chocolate mass

and dried by blowing hot air. They are then packed in polythene pouches in units of four, six or ten as desired.

7. Quality specifications

The maida used must conform to the following specifications:

- Moisture - 13.5% maximum
- Ash - 1% maximum
- Acid insoluble ash - 0.1% maximum
- Alcoholic acidity - 0.1% maximum
- Insect infestation - nil
- Rodent hair and excreta - absent
- Gluten - 7.5% minimum

The vanaspathi used should conform to the following specifications:

- Free fatty acids - 0.1% maximum as oleic acid
- Moisture 0.1% maximum
- Peroxide value - nil
- The doughnuts should be free from mold and fungal growth.
- It should be free from any fermented odour, coliforms, salmonella and streptococci bacteria.
- If dried fruits are used, they shall be declared on the label.
- It cannot contain any added colours and flavours.

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 1500 square feet as described below:

SI	Description	Sq. feet
1	Processing area	500
2	Raw material store	200
3	Packing material store	100
4	Finished goods store	100
5	Laboratory space	100
6	Machine spares area	100
7	Finished goods store	100
8	Administrative area	100
9	Toilet space	100
10	Miscellaneous space	100
11	Total	1500

Lease rent per square foot – Rs. 8.00

Total rental per month – Rs. 12000

11. Costing of machinery and equipment

SI	Description	Rs. lakhs
1	Dough kneader	0.600
2	Forming machine	0.650
3	Proofing pans	0.350
4	Thermostat oven 35 to 250 degrees centigrade	3.600
5	Thermostat fryer	0.590
6	Sugar coating pan	1.869
7	Sealing machines	0.300
8	Total	7.959
9	Laboratory equipment	1.000
10	Grand total machinery and equipment	8.959

12. Project cost**Rs. Lakhs**

SI	Description	Rs. lakhs
1	Land	On lease
2	Civil works	On lease
3	Plant machinery	7.958
4	Laboratory equipment	1.000
5	Transport vehicle – Tata Ace	3.600
6	Pollution control equipment	0.000
7	Energy conservation equipment	0.000
8	Cost of power connection	0.150
9	Cost of electrification	0.250
10	Erection and commissioning	0.300
11	Cost of machinery spares	0.250
12	Cost of office equipment	0.500
13	Deposits if any	0.400
14	Company formation expenses	0.100
15	Gestation period expenses	0.250
16	Sales tax registration expenses	0.100
17	Initial advertisement and publicity	2.000
18	Contingencies	0.250
19	Working capital margin money	3.350
20	Total	20.458

13. Working capital requirements per month**a. Salaries and wages**

SI	Description	No of persons	Total salary / month (Rs. lakhs)
1	Production Manager	1	0.300
2	Production supervisor cum chemist	1	0.200
3	Skilled workers	2	0.200
4	Unskilled workers	3	0.180
5	Packing workers	2	0.080
6	Van driver	1	0.080
7	Administrative staff	1	0.200
8	Total	11	1.240

b. Raw material requirement per month

SI	Description	Qty (kgs)	Rate / kg (Rs)	Value (Rs. lakhs)
1	Maida	6250	27.00	1.688
2	Sugar	460	30.00	0.138
3	Vanaspathi	1065	75.00	0.799
4	Chocolate mass	80	200.00	0.160
5	Salt and spices	20	50.00	0.010
2	Total raw material	7875		2.795

c. Packaging material requirement per month

SI	Description	Qty	Rate / unit (Rs)	Value (Rs. lakhs)
1	Primary packaging material – polypropylene pouches	6300 nos	1.00	0.063
2	Cartons and straps	125 nos	40	0.050
3	Total			0.113

Total raw + packaging material = Rs. 2.908 lakhs

d. Utilities per month

SI	Description	Rs. lakhs
1	Power 1600 kwh @ Rs. 6.00 per unit	0.096
2	Water	0.020
3	Boiler fuel	0.000
4	Total utilities	0.116

e. Contingent expenses per month

SI	Description	Rs. lakhs
1	Rent for processing shed	0.120
2	Postage and stationery	0.010
3	Telephones, fax etc.	0.010
4	Consumable stores	0.020
5	Repairs and maintenance	0.050
6	Local transports, loading and unloading	0.090
7	Advertisement and publicity @ 30% of sales	3.000
8	Insurance	0.010
9	Sales expenses @ 1% of sales	0.100
10	Miscellaneous expenses @ 1% of sales	0.100
11	Trade incentives @ 2% of sales	0.200
12	Taxes @ 4%	0.400
13	Total contingent expenses	4.110

f. Total working capital requirement per month

SI	Description	Rs. lakhs
1	Salaries and wages	1.240
2	Raw material and packaging material	2.908
3	Utilities	0.116
4	Contingent expenses	4.110
5	Total	8.374

14. Means of finance

SI	Description	Rs. lakhs
1	Total Project Cost	20.458
2	Equity	6.751
3	Debt	13.707
4	Working capital margin money	3.350

15. Financial analysis

SI	Description	Rs. lakhs
1	Total recurring cost per year	100.488
2	Depreciation on land and building	0.000
3	Depreciation on machinery	0.896
4	Depreciation on furnaces	0.000
5	Depreciation on moulds and fixtures	0.010
6	Depreciation on office equipment	0.100
7	Interest on long term loan @ 13.5%	1.890
8	Interest on short term borrowings@ 13.5%	0.678
9	Total cost of production	104.062

16. Turnover per year

SI	Item	Qty	Rate/unit (Rs)	Total Rs. lakhs
1	Baby doughnuts	75000 kgs	160	120.00

17. Viability analysis

SI	Description	Value
1	Net profit before income tax (Rs. lakhs)	15.938
2	Net profit ratio	13.3%
3	Internal rate of return	36.0%
4	Break even percentage	39%
5	Debt service coverage ratio	2.162

List of machinery suppliers for baby doughnuts

1. Nagpal Brothers; C-127, Mayapuri Industrial Area Phase - II, (Opposite State Bank of India), New Delhi. 110064; Tel: 011 - 28117631; Fax: 011 - 28116884
2. Arun Engineering Works, Leach and Webony Compound, 61, Off Haines Road, Worli, Mumbai. 400018. Tel: 022 - 23098629
3. Arun Engineering Works, SF No. 213, Site no. 4, Sitra Kalapatti Road, Near LMW Unit VIII, Kalapatti Post, Coimbatore 641035. Tamil Nadu. Tel: 0422-2665622; 0422-2669849