

PROJECT REPORT

Of

TOFFEE AND CANDY

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Toffee & Candy**.

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 : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
Pin: xxxxxx State: xxxxxxxxx
Mobile : xxxxxx
- 5 Product and By Product : **TOFFEE & CANDY**
- 6 Name of the project / business activity proposed : **TOFFEE & CANDY MAKING UNIT**
- 7 Cost of Project : Rs.30.09 Lakhs
- 8 Means of Finance
Term Loan Rs.23.09 Lakhs
Own Capital Rs.3.01 Lakhs
Working capital Rs.4 Lakhs
- 9 Debt Service Coverage Ratio : 2.57
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 38%
- 13 Employment : 9 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Sugar, Liquid Glucose, Milk Powder, Water, Food flavours & additives, Citric acid
- 16 Estimated Annual Sales Turnover (Max Capacity) : 103.46 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	24.45
Furniture & Fixtures	1.20
Working Capital	4.44
Total	30.09

MEANS OF FINANCE

Particulars	Amount
Own Contribution	3.01
Working Capital(Finance)	4.00
Term Loan	23.09
Total	30.09

TOFFEE AND CANDY

Introduction: As we all know that confectionery products are universally popular among young generations. Generally, candies are available in fruit-based flavours or milk-based flavours. There are varieties of candies that are produced all over the world. Toffees are one of the tasty confectionery products, which is liked by almost all people of all ages. Generally, candies or toffees are taken as fun or mouth freshness except some confections are also health focused.



Uses & Market Potential: Candies are usually liked by all age groups of people as a confectionery. That is consumed after meal, dinners as smooth refresher. It drives away bad smell from mouth and refreshes the breath. Sometime it causes good sensation while chewing. Packets of toffees or candies can be distributed as gift packs on various occasions specially witnessed on birthday parties.

The confectionery industry in India is growing about 12% per annum. The Indian confectionery market is worth of Rs.10,000 Crores, currently growing

at 12%, and has potential to grow at 15-20% because the category remains under-penetrated. The demand for toffees or candies is never ending. It has its demand in urban, semi-urban and even in rural areas also.

Raw material: Major raw material requirement are as follows:

1. Sugar
2. Liquid Glucose
3. Milk Powder
4. Water
5. Food flavours & additives
6. Citric Acid

Machinery & equipments: Major machines and equipments are as:

S No.	Machine	Unit	Price
1.	Wrapping Machine(Capcity 300 PPM)	1	250000
2.	Water storage tank(Capacity 500-2000 ltr.)	2	15000
3.	Kneading Machine	1	350000
4.	Candy Vaccum cooker(Capacity 50kg/hr)	1	450000
5.	Rope sizer	1	300000
6.	Cooling Conveyor(1-50kg/feet)	1	150000
7.	Circulating water table	1	30000
8.	Candy Batch Former(Capacity 200 kg)	1	300000
9.	Rotatory moulding machine	1	600000
	Total Amount		2445000

Manufacturing Process: Candy Manufacturing is a simple process. The candy mass is cooked by vacuum batch cooker or continuous vacuum cooker. The cooked mass is collected on circulating water cooling table for cooling. At this stage colour, flavour and other ingredients are added to the batch. The

mass is then passed through rotary Kneading machine to ensure uniform distribution of ingredients in a hygienic way. Once candy mass is mixed and cooled properly it is then transferred to the batch former which rolls mixed mass into roll of appropriate size, which is then fed to the rope sizer to form a uniform rope of the required size. This rope is fed into the candy moulding machines where candies are formed in required size, shape and weight. The formed candies are discharged on the cooling conveyor, which cools them so that they may be wrapped and packed further. The formed product is wrapped by Candy Wrapping Machine and thus candies are ready to be distributed in market.

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 1000 to 1500Sqft.

Power Requirement: The power consumption required to run all the machinery could be approximated as 30 Hp

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 9 including 1 Supervisor, 2 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 License
- NOC from State Pollution Control Board

FINANCIALS

PROJECTED CASH FLOW STATEMENT					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Own Contribution	3.01	-			
Reserve & Surplus	7.79	10.16	13.82	15.80	19.02
Depriciation & Exp. W/off	3.79	3.23	2.75	2.34	1.99
Increase In Cash Credit	4.00				
Increase In Term Loan	23.09	-	-	-	-
Increase in Creditors	0.47	0.09	0.04	0.04	0.04
TOTAL :	42.14	13.47	16.61	18.18	21.05
APPLICATION OF FUND					
Increase in Fixed Assets	25.65	-	-	-	-
Increase in Stock	2.93	0.42	0.35	0.32	0.38
Increase in Debtors	2.20	0.34	0.31	0.26	0.34
Repayment of Term Loan	2.57	5.13	5.13	5.13	5.13
Taxation	1.17	1.52	2.07	2.37	2.85
Drawings	5.00	6.00	8.00	10.00	12.00
TOTAL :	39.52	13.41	15.87	18.08	20.70
Opening Cash & Bank Balance	-	2.61	2.67	3.42	3.52
Add : Surplus	2.61	0.06	0.75	0.10	0.36
Closing Cash & Bank Balance	2.61	2.67	3.42	3.52	3.88

PROJECTED BALANCE SHEET					
PARTICULARS	I	II	III	IV	V
SOURCES OF FUND					
Capital Account					
Opening Balance	-	4.63	7.26	11.01	14.44
Add: Additions	3.01	-	-	-	-
Add: Net Profit	6.62	8.63	11.75	13.43	16.17
Less: Drawings	5.00	6.00	8.00	10.00	12.00
Closing Balance	4.63	7.26	11.01	14.44	18.61
CC Limit	4.00	4.00	4.00	4.00	4.00
Term Loan	20.52	15.39	10.26	5.13	- 0.00
Sundry Creditors	0.47	0.55	0.60	0.64	0.68
TOTAL :	29.62	27.21	25.87	24.21	23.28
APPLICATION OF FUND					
Fixed Assets (Gross)	25.65	25.65	25.65	25.65	25.65
Gross Dep.	3.79	7.01	9.76	12.10	14.09
Net Fixed Assets	21.86	18.64	15.89	13.55	11.56
Current Assets					
Sundry Debtors	2.20	2.54	2.85	3.11	3.45
Stock in Hand	2.93	3.35	3.71	4.02	4.40
Cash and Bank	2.61	2.67	3.42	3.52	3.88
TOTAL :	29.62	27.21	25.87	24.21	23.28

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PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	66.12	76.24	85.48	93.39	103.46
Total (A)	66.12	76.24	85.48	93.39	103.46
<u>B) COST OF SALES</u>					
Raw Material Consumed	19.93	23.75	25.58	27.41	29.23
Electricity Expenses	2.74	2.97	3.20	3.42	3.65
Repair & Maintenance	7.93	7.62	8.55	9.34	10.35
Labour & Wages	10.08	11.09	12.20	13.42	14.76
Depreciation	3.79	3.23	2.75	2.34	1.99
Cost of Production	44.47	48.66	52.27	55.93	59.98
Add: Opening Stock /WIP	-	1.94	2.17	2.43	2.65
Less: Closing Stock /WIP	1.94	2.17	2.43	2.65	2.94
Cost of Sales (B)	42.54	48.43	52.01	55.70	59.70
C) GROSS PROFIT (A-B)	23.58	27.81	33.47	37.69	43.76
	35.67%	36.48%	39.16%	40.36%	42.30%
D) Bank Interest (Term Loan)	2.50	2.05	1.48	0.92	0.35
ii) Interest On Working Capital	0.44	0.44	0.44	0.44	0.44
E) Salary to Staff	7.56	9.07	10.89	13.06	15.68
F) Selling & Adm Expenses Exp.	5.29	6.10	6.84	7.47	8.28
TOTAL (D+E)	15.79	17.66	19.65	21.89	24.75
H) NET PROFIT	7.79	10.16	13.82	15.80	19.02
	11.8%	13.3%	16.2%	16.9%	18.4%
I) Taxation	1.17	1.52	2.07	2.37	2.85
J) PROFIT (After Tax)	6.62	8.63	11.75	13.43	16.17

COMPUTATION OF MAKING OF TOFFEE & CANDY			
Item to be Manufactured Toffee & Candy			
Manufacturing Capacity per day		200	Kg
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		60,000	Kg
Total Production per Annum		1,20,000	Packet of 500 gm
Year		Capacity Utilisation	TOFFEE & CANDY
I		60%	72,000.00
II		65%	78,000.00
III		70%	84,000.00
IV		75%	90,000.00
V		80%	96,000.00

COMPUTATION OF RAW MATERIAL					
Item Name	Quantity of Raw Material	Unit	Unit Rate	Total CostPer Annum (100%)	
Liquid Glucose	14,000.00	Kg	60.00	8,40,000.00	
Sugar	45,000.00	Kg	26.00	11,70,000.00	
Citric Acid	4,000.00	Kg	80.00	3,20,000.00	
Milk Powder	1,800.00	Kg	440.00	7,92,000.00	
Other consumables & Flavours	Lumsum			2,00,000.00	
Total				33,22,000.00	
Total Raw material in Rs lacs					33.22

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)	
I	60%	19.93	
II	65%	23.75	10% Increase in Cost
III	70%	25.58	10% Increase in Cost
IV	75%	27.41	10% Increase in Cost
V	80%	29.23	10% Increase in Cost

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
Finished Goods					
(10 Days requirement)	1.94	2.17	2.43	2.65	2.94
Raw Material					
(15 Days requirement)	1.00	1.19	1.28	1.37	1.46
Closing Stock	2.93	3.35	3.71	4.02	4.40

COMPUTATION OF WORKING CAPITAL REQUIREMENT			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.93		
Less:			
Sundry Creditors	0.47		
Paid Stock	2.47	0.25	2.22
Sundry Debtors	2.20	0.22	1.98
Working Capital Requirement			4.21
Margin			0.47
MPBF			4.21
Working Capital Demand			4.00

<u>BREAK UP OF LABOUR</u>				
Particulars	Wages Per Month	No of Employees	Total Salary	
Supervisor	20,000.00	1	20,000.00	
Plant Operator	18,000.00	2	36,000.00	
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	
			80,000.00	
Add: 5% Fringe Benefit			4,000.00	
Total Labour Cost Per Month			84,000.00	
Total Labour Cost for the year (In Rs. Lakhs)		6	10.08	

<u>BREAK UP OF SALARY</u>				
Particulars	Salary Per Month	No of Employees	Total Salary	
Manager	25,000.00	1	25,000.00	
Accountant cum store keeper	20,000.00	1	20,000.00	
Sales	15,000.00	1	15,000.00	
Total Salary Per Month			60,000.00	
Add: 5% Fringe Benefit			3,000.00	
Total Salary for the month			63,000.00	
Total Salary for the year (In Rs. Lakhs)		3	7.56	

COMPUTATION OF DEPRECIATION				
Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	24.45	1.20	25.65
	-	24.45	1.20	25.65
		-	-	
TOTAL		24.45	1.20	25.65
Less : Depreciation	-	3.67	0.12	3.79
WDV at end of Ist year	-	20.78	1.08	21.86
Additions During The Year	-	-	-	-
	-	20.78	1.08	21.86
Less : Depreciation	-	3.12	0.11	3.23
WDV at end of IIInd Year	-	17.67	0.97	18.64
Additions During The Year	-	-	-	-
	-	17.67	0.97	18.64
Less : Depreciation	-	2.65	0.10	2.75
WDV at end of IIIrd year	-	15.02	0.87	15.89
Additions During The Year	-	-	-	-
	-	15.02	0.87	15.89
Less : Depreciation	-	2.25	0.09	2.34
WDV at end of IV year	-	12.76	0.79	13.55
Additions During The Year	-	-	-	-
	-	12.76	0.79	13.55
Less : Depreciation	-	1.91	0.08	1.99
WDV at end of Vth year	-	10.85	0.71	11.56

REPAYMENT SCHEDULE OF TERM LOAN							11.0%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	23.09	23.09	0.63	-	23.09
	Iind Quarter	23.09	-	23.09	0.63	-	23.09
	IIIrd Quarter	23.09	-	23.09	0.63	1.28	21.81
	Ivth Quarter	21.81	-	21.81	0.60	1.28	20.52
					2.50	2.57	
II	Opening Balance						
	Ist Quarter	20.52	-	20.52	0.56	1.28	19.24
	Iind Quarter	19.24	-	19.24	0.53	1.28	17.96
	IIIrd Quarter	17.96	-	17.96	0.49	1.28	16.68
	Ivth Quarter	16.68		16.68	0.46	1.28	15.39
					2.05	5.13	
III	Opening Balance						
	Ist Quarter	15.39	-	15.39	0.42	1.28	14.11
	Iind Quarter	14.11	-	14.11	0.39	1.28	12.83
	IIIrd Quarter	12.83	-	12.83	0.35	1.28	11.55
	Ivth Quarter	11.55		11.55	0.32	1.28	10.26
					1.48	5.13	
IV	Opening Balance						
	Ist Quarter	10.26	-	10.26	0.28	1.28	8.98
	Iind Quarter	8.98	-	8.98	0.25	1.28	7.70
	IIIrd Quarter	7.70	-	7.70	0.21	1.28	6.41
	Ivth Quarter	6.41		6.41	0.18	1.28	5.13
					0.92	5.13	
V	Opening Balance						
	Ist Quarter	5.13	-	5.13	0.14	1.28	3.85
	Iind Quarter	3.85	-	3.85	0.11	1.28	2.57
	IIIrd Quarter	2.57	-	2.57	0.07	1.28	1.28
	Ivth Quarter	1.28		1.28	0.04	1.28	0.00
					0.35	5.13	

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

CALCULATION OF D.S.C.R					
PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	10.41	11.86	14.50	15.77	18.16
Interest on Term Loan	2.50	2.05	1.48	0.92	0.35
Total	12.91	13.90	15.98	16.68	18.51
REPAYMENT					
Repayment of Term Loan	2.57	5.13	5.13	5.13	5.13
Interest on Term Loan	2.50	2.05	1.48	0.92	0.35
Total	5.07	7.18	6.61	6.05	5.48
DEBT SERVICE COVERAGE RATIO	2.55	1.94	2.42	2.76	3.38
AVERAGE D.S.C.R.			2.57		

COMPUTATION OF SALE					
Particulars	I	II	III	IV	V
Op Stock	-	2,400.00	2,600.00	2,800.00	3,000.00
Production	72,000.00	78,000.00	84,000.00	90,000.00	96,000.00
Less : Closing Stock(10 Days)	2,400.00	2,600.00	2,800.00	3,000.00	3,200.00
Net Sale	69,600.00	77,800.00	83,800.00	89,800.00	95,800.00
Sale Price per Packet	95.00	98.00	102.00	104.00	108.00
Sale (in Lacs)	66.12	76.24	85.48	93.39	103.46

COMPUTATION OF ELECTRICITY				
(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required		HP	30	
Load Factor			0.7460	
Electricity Charges		per unit	7.50	
Total Working Days			300	
Electricity Charges				4,02,840.00
Add : Minimim Charges (@ 10%)				
(B) DG set				
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			0.54	
Total cost of Power & Fuel at 100%				4.57
Year		Capacity		Amount
				(in Lacs)
I		60%		2.74
II		65%		2.97
III		70%		3.20
IV		75%		3.42
V		80%		3.65

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