

PROJECT REPORT

Of

SUGAR CANDY

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Sugar Candy Making Unit**

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's/Spouce's Name : XXXXXXXXX
- 4 Unit Address : XXXXXXXXX
- Taluk/Block: XXXXX
 District : XXXXX State: XXXXX
 Pin: XXXXX
 E-Mail : XXXXX
 Mobile XXXXX
- 5 Product and By Product : Sugar Candy
- 6 Name of the project / business activity proposed : Sugar Candy Making Unit
- 7 Cost of Project : Rs. 29.74 Lacs
- 8 Means of Finance
 Term Loan Rs. 15.75 Lacs
 KVIC Margin Money As per Project Eligibility
 Own Capital Rs. 2.97 Lacs
- 9 Debt Service Coverage Ratio : 2.10
- 10 Pay Back Period : 5 Years Years
- 11 Project Implementation Period : 6 Months Months
- 12 Break Even Point :
- 13 Employment : 12 Persons
- 14 Power Requirement : 6 KW
- 15 Major Raw materials : Sugar, chemicals Flavours
- 16 Estimated Annual Sales Turnover : Rs. 62.70 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount		
Land	Rented/Owned		
Plant & Machinery	16.50		
Furniture & Fixtures	1.00		
Working Capital Requirement	6.50		
Total	24.00		

MEANS OF FINANCE

Particulars	Amount		
Own Contribution 10%	2.40		
Term Loan	15.75		
Working capital	5.85		
Total	24.00		
	General	Special	
KVIC Subsidy Urban	15%	25%	
KVIC Subsidy Rural	25%	35%	

INTRODUCTION

Candy or Sweet is the most popular type of confectionery over the world, and there is certainly something about this unique product that holds many mysterious qualities. Candy is made by dissolving sugar in water or milk to form a syrup, which is boiled until it reaches the desired concentration or starts to caramelize. Candy comes in a wide variety of textures, from soft and chewy to hard and brittle.



Hard candies, also known as lollipops follies, suckers, or boiled sweets, are generally made of sucrose, glucose, water, colour and flavour. Hard candies have retained their market share, especially with children, even with the proliferation of new candy varieties. Hard candy formulated with functional ingredients represents a growth opportunity for the adult consumer sector in products like lozenges and other nutraceuticals.

Candy is usually liked by all age groups of people as a confectionery. As a snack between meals - particularly at special occasions like parties or Christmas. The candy are used after meal, dinners as smooth refresher. It drives away bad smell from mouth and refreshes the breath. Sometimes it causes good sensation while chewing. It is chewed by children, young people, young girls, young ladies etc. But mostly it is consumed by children's of age group below ten.

MARKET ANALYSIS

Candy market in India is anticipated to grow at a CAGR of over 9% during coming years. on account of rising middle class households, coupled with increasing working as well as youth population. The most dominant segment in the country's candy market is sugar candy.

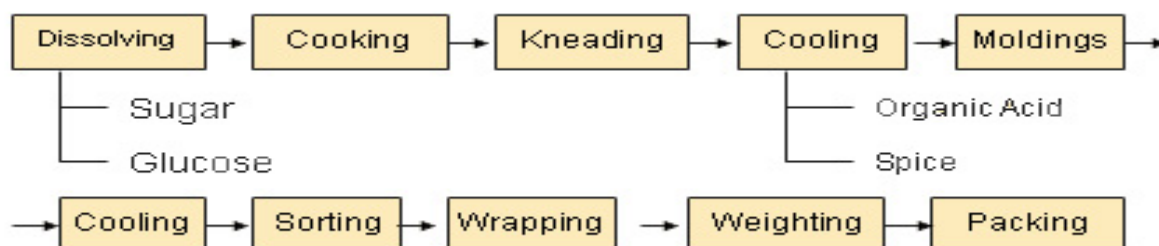
Rapid modernization, continuously rising innovative and premium product launches, growing e-commerce market coupled with expanding organized retail channels and synchronized distribution networks are projected to drive candy market in India in the coming years.

Major cities in India, such as Delhi/NCR, Mumbai, Hyderabad, Bengaluru, Chandigarh, Chennai, and Kolkata are among the leading demand generators of candies in the country. With increasing economic development in the country, lifestyle and preference of consumers is also significantly changing in Tier I and Tier II cities, which is driving candy consumption across these cities. Moreover, demand for sugar-free and low calorie candy products is also growing on account of increasing health awareness among consumers across the country.

The sugar candy segment is expected to maintain its dominance due to continuing launch of innovative products as well as aggressive branding initiatives undertaken by leading market players. Preference for premium chocolate candies as gifts on festivals and functions is also growing considerably across the country due to increasing marketing initiatives to position chocolate candies as a product of indulgence rather than impulse product. In 2015, organized sector accounted for a majority share in India candy market; and the segment's dominance is expected to further increase in coming years.

MANUFACTURING PROCESS

The process start with weighing of all ingredients like: sugar, liquid glucose, citric acid, food additives, flavors, etc. which are mixed thoroughly and cooked in a vacuum cookers to process at required temperature. The mass can transfer from mixer to cooker by pump and cooked mass then pumped on depositor, molding machine or forming as applicable which are then deposited, molded or formed in required shapes and sizes by making ropes or as per applicable process with or without center filling. Thus prepared confections are cooled and packed either in pillow packing machine or double twist wrapper machine as required.



LIST OF MACHINERY

Sr. No.	Equipment	Qty
1	SS Sigma Mixer	2
2	Vacuum Cookers	2
3	Coating Pans with Hot Air Blower	3
4	Batch Roller	1
5	Automatic Sweet Forming Machine	1
6	Sugar Syrup Kettles	2
7	Rotary Molding Machine	1
8	Micro Pulverizer	1
9	Rope Sizer	1
10	Three Way Cooling Conveyors	1
11	Candy Pillow Packing Machine	2
12	Double Twist Wrapping Mac	2
13	Steam Boiler	1
14	Steam Pipelines & Fittings	1
15	Air Compressors	1
16	Lab Equipments	1
17	Material Handling Equipments	1
18	Electrification	1

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	2.40	2.40	2.40	2.40	2.40
Retained Profit	2.74	6.85	12.06	18.70	27.20
Term Loan	12.60	9.45	6.30	3.15	-
Cash Credit	5.85	5.85	5.85	5.85	5.85
Sundry Creditors	0.83	1.04	1.21	1.38	1.56
TOTAL :	24.42	25.59	27.83	31.48	37.01
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	17.50	17.50	17.50	17.50	17.50
Gross Dep.	2.53	4.72	6.60	8.19	9.56
Net Fixed Assets	14.98	12.78	10.90	9.31	7.94
Current Assets					
Sundry Debtors	2.86	3.58	4.18	4.78	5.38
Stock in Hand	4.47	5.46	6.37	7.28	8.19
Cash and Bank	2.11	3.78	6.38	10.12	15.50
TOTAL :	24.42	25.59	27.83	31.48	37.01

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PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	2.40	-			
Reserve & Surplus	3.04	4.57	5.79	8.29	10.63
Depriciation & Exp. W/off	2.53	2.20	1.87	1.60	1.36
Increase in Cash Credit	5.85	-	-	-	-
Increase In Term Loan	15.75	-	-	-	-
Increase in Creditors	0.83	0.21	0.17	0.17	0.17
TOTAL :	30.40	6.98	7.84	10.06	12.17
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.50	-	-	-	-
Increase in Stock	4.47	0.99	0.91	0.91	0.91
Increase in Debtors	2.86	0.72	0.60	0.60	0.60
Repayment of Term Loan	3.15	3.15	3.15	3.15	3.15
Taxation	0.30	0.46	0.58	1.66	2.13
TOTAL :	28.28	5.31	5.24	6.32	6.79
Opening Cash & Bank Balance	-	2.11	3.78	6.38	10.12
Add : Surplus	2.11	1.66	2.60	3.74	5.38
Closing Cash & Bank Balance	2.11	3.78	6.38	10.12	15.50

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Capacity Utilisation %					
A) SALES					
Gross Sale(Sugar Candy)	57.00	71.40	83.40	95.40	107.40
Other Income	0.15	0.15	0.15	0.15	0.15
Total (A)	57.15	71.55	83.55	95.55	107.55
B) COST OF SALES					
Raw Mateiral Consumed	35.43	44.36	51.80	59.24	66.68
Electricity Expenses	0.79	0.95	1.11	1.27	1.43
Repair & Maintenance	2.85	3.57	4.17	4.77	5.37
Labour & Wages	7.56	8.32	9.15	10.06	11.07
Depreciation	2.53	2.20	1.87	1.60	1.36
Cost of Production	49.16	59.40	68.10	76.94	85.91
Add: Opening Stock /WIP	-	2.70	3.24	3.78	4.32
Less: Closing Stock /WIP	2.70	3.24	3.78	4.32	4.86
Cost of Sales (B)	46.46	58.86	67.56	76.40	85.37
C) GROSS PROFIT (A-B)	10.69	12.69	15.99	19.15	22.18
	19%	18%	19%	20%	21%
D) Bank Interest (Term Loan)	1.60	1.26	0.91	0.56	0.22
Bank Interest (C.C. Limit)	0.64	0.64	0.64	0.64	0.64
E) Salary to Staff	3.12	3.37	3.64	3.93	4.24
F) Selling & Adm Expenses Exp.	2.28	2.86	5.00	5.72	6.44
TOTAL (D+E)	7.65	8.13	10.20	10.86	11.55
H) NET PROFIT	3.04	4.57	5.79	8.29	10.63
I) Taxation	0.30	0.46	0.58	1.66	2.13
J) PROFIT (After Tax)	2.74	4.11	5.21	6.63	8.51
K) DIVIDEND	-	-	-	-	-
L) RETAINED PROFIT	2.74	4.11	5.21	6.63	8.51

COMPUTATION OF MANUFACTURING OF SUGAR CANDY

Items to be Manufactured Sugar Candy

Manufacturing Capacity	Sugar Candy	800.00	kgs Per Day
		-	
No. of Working Hour		10	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum	Sugar Candy	240.00	Tonne per Annum
		-	
Year		Capacity Utilization	
		Sugar Candy	
IST YEAR		50%	120.00
IIND YEAR		60%	144.00
IIIRD YEAR		70%	168.00
IVTH YEAR		80%	192.00
VTH YEAR		90%	216.00

COMPUTATION OF SALE

Sugar Candy

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	6.00	7.20	8.40	9.60
Production	120.00	144.00	168.00	192.00	216.00
	120.00	150.00	175.20	200.40	225.60
Less : Closing Stock	6.00	7.20	8.40	9.60	10.80
Net Sale	114.00	142.80	166.80	190.80	214.80
Sale Price Per tonne	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Sale (in Lacs)	57.00	71.40	83.40	95.40	107.40

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR	
Finished Goods						
(15 Days requirement)	2.70	3.24	3.78	4.32	4.86	
Raw Material						
(15 Days requirement)	1.77	2.22	2.59	2.96	3.33	
Closing Stock	4.47	5.46	6.37	7.28	8.19	

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Total
	Amount
Stock in Hand	4.47
Sundry Debtors	2.86
	7.33
Sundry Creditors	0.83
Working Capital Requirement	6.50
Margin @10%	0.65
Working Capital Finance	5.85

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Plant Operator		15,000.00	1	15,000.00
Skilled Worker		10,000.00	1	10,000.00
Unskilled Worker		6,000.00	3	18,000.00
Casual Labour		5,000.00	4	20,000.00
				63,000.00

Annual Cost (in lacs)

7.56

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Accountant		10,000.00	1	10,000.00
Marketing Executive		8,000.00	2	16,000.00
Total Salary Per Month				26,000.00

Annual Cost (in lacs)

3.12

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day			10 Hrs	
Electric Load Required			6 KW	
Load Factor				0.08
Electricity Charges			8 per unit	
Total Working Days				300
Electricity Charges (10 Hrs Per day)				
$= 6 * 300 * 8 * 10$				1,44,000.00
Add : Minimim Charges (@ 10%)				14,400.00
				1,58,400.00
Total cost of Power & Fuel at 100%				1.58
Year		Capacity		Amount
				(in Lacs)
IST YEAR		50%		0.79
IIND YEAR		60%		0.95
IIIRD YEAR		70%		1.11
IVTH YEAR		80%		1.27
VTH YEAR		90%		1.43

COMPUTATION OF DEPRECIATION

Description	Land	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		15.00%	10.00%	
Opening Balance	Leased	-	-	-
Addition	-	16.50	1.00	17.50
	-	16.50	1.00	17.50
Less : Depreciation	-	2.48	0.05	2.53
WDV at end of 1st year	-	14.03	0.95	14.98
Additions During The Year	-	-	-	-
	-	14.03	0.95	14.98
Less : Depreciation	-	2.10	0.10	2.20
WDV at end of IIInd Year	-	11.92	0.86	12.78
Additions During The Year	-	-	-	-
	-	11.92	0.86	12.78
Less : Depreciation	-	1.79	0.09	1.87
WDV at end of IIIrd year	-	10.13	0.77	10.90
Additions During The Year	-	-	-	-
	-	10.13	0.77	10.90
Less : Depreciation	-	1.52	0.08	1.60
WDV at end of IV year	-	8.61	0.69	9.31
Additions During The Year	-	-	-	-
	-	8.61	0.69	9.31
Less : Depreciation	-	1.29	0.07	1.36
WDV at end of Vth year	-	7.32	0.62	7.94

REPAYMENT SCHEDULE OF TERM LOAN

11%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	15.75	-	15.75	0.43	0.79	14.96
	IInd Quarter	14.96	-	14.96	0.41	0.79	14.18
	IIIRD Quarter	14.18	-	14.18	0.39	0.79	13.39
	Ivth Quarter	13.39	-	13.39	0.37	0.79	12.60
				1.60	3.15		
IIIND YEAR	Opening Balance						
	Ist Quarter	12.60	-	12.60	0.35	0.79	11.81
	IInd Quarter	11.81	-	11.81	0.32	0.79	11.03
	IIIRD Quarter	11.03	-	11.03	0.30	0.79	10.24
	Ivth Quarter	10.24	-	10.24	0.28	0.79	9.45
				1.26	3.15		
IIIRD YEAR	Opening Balance						
	Ist Quarter	9.45	-	9.45	0.26	0.79	8.66
	IInd Quarter	8.66	-	8.66	0.24	0.79	7.88
	IIIRD Quarter	7.88	-	7.88	0.22	0.79	7.09
	Ivth Quarter	7.09	-	7.09	0.19	0.79	6.30
				0.91	3.15		
IVTH YEAR	Opening Balance						
	Ist Quarter	6.30	-	6.30	0.17	0.79	5.51
	IInd Quarter	5.51	-	5.51	0.15	0.79	4.73
	IIIRD Quarter	4.73	-	4.73	0.13	0.79	3.94
	Ivth Quarter	3.94	-	3.94	0.11	0.79	3.15
				0.56	3.15		
VTH YEAR	Opening Balance						
	Ist Quarter	3.15	-	3.15	0.09	0.79	2.36
	IInd Quarter	2.36	-	2.36	0.06	0.79	1.58
	IIIRD Quarter	1.58	-	1.58	0.04	0.79	0.79
	Ivth Quarter	0.79	-	0.79	0.02	0.79	0.00
				0.22	3.15		

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	5.26	6.31	7.09	8.23	9.87
Interest on Term Loan	1.60	1.26	0.91	0.56	0.22
Total	6.87	7.57	8.00	8.79	10.09
<u>REPAYMENT</u>					
Instalment of Term Loan	3.15	3.15	3.15	3.15	3.15
Interest on Term Loan	1.60	1.26	0.91	0.56	0.22
Total	4.75	4.41	4.06	3.71	3.37
DEBT SERVICE COVERAGE RATIO	1.44	1.72	1.97	2.37	3.00
AVERAGE D.S.C.R.			2.10		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	57.15	71.55	83.55	95.55	107.55
Less : Op. WIP Goods	-	2.70	3.24	3.78	4.32
Add : Cl. WIP Goods	2.70	3.24	3.78	4.32	4.86
Total Sales	59.85	72.09	84.09	96.09	108.09
Variable & Semi Variable Exp.					
Raw Material & Tax	35.43	44.36	51.80	59.24	66.68
Electricity Exp/Coal Consumption at 85%	0.67	0.81	0.94	1.08	1.21
Wages & Salary at 60%	6.41	7.01	7.67	8.40	9.19
Repair & Maintenance	2.85	3.57	4.17	4.77	5.37
Selling & administrative Expenses 80%	1.82	2.28	4.00	4.58	5.16
Intt. On Working Capital Loan	0.64	0.64	0.64	0.64	0.64
Total Variable & Semi Variable Exp	47.83	58.68	69.23	78.71	88.25
Contribution	12.02	13.41	14.86	17.38	19.84
Fixed & Semi Fixed Expenses					
Electricity Exp/Coal Consumption at 15%	0.12	0.14	0.17	0.19	0.21
Wages & Salary at 40%	4.27	4.67	5.11	5.60	6.13
Interest on Term Loan	1.60	1.26	0.91	0.56	0.22
Depreciation	2.53	2.20	1.87	1.60	1.36
Selling & administrative Expenses 20%	0.46	0.57	1.00	1.14	1.29
Total Fixed Expenses	8.97	8.84	9.07	9.09	9.21
Capacity Utilization	50%	60%	70%	80%	90%
OPERATING PROFIT	3.04	4.57	5.79	8.29	10.63
BREAK EVEN POINT	37%	40%	43%	42%	42%
BREAK EVEN SALES	44.69	47.53	51.31	50.26	50.15

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